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LOW BIRTH RATE CAUSES SERIOUS CONCERN

Sofia PLANOVO STOPANSTVO in Bulgarian No 8, 1982 pp 22-32

[Article by Dimitur Mitev: "Problems in Stimulating the Birth Rate"*]

[Text] The problems of the birth rate and reproduction of the population have always been an object of attention for the Bulgarian Communist Party and our socialist state. This is expressed with great force in Comrade T. Zhivkov's idea that "our party and our socialist state bear a historic responsibility for the fortunes of the Bulgarian people. They cannot and must not tolerate the alarming trends of a decline in the birth rate or the nation's aging process."¹

New specific positions along these lines were also formulated at the 12th BCP Congress, namely: "Additional measures must be taken to raise the birth rate. Better conditions must be brought about for combining motherhood with women's active participation in work and public activity. An ever larger portion of the support of the rising generation must be assumed by society and the number of accommodations in children's institutions must be enlarged."²

These party positions aim at directing the efforts of all agencies of socialist society towards the elimination of the complex and diverse causes responsible for our country's declining birth rate. In this article an attempt is made to discover some of the causes as well as to make suggestions for overcoming the weaknesses. The measures proposed are directed essentially towards providing incentives for /families/ to have /a third child, which . . . is the major element in the solution of the problem."³ [Passage enclosed in slantlines printed in boldface.]

In 1967 Comrade T. Zhivkov signalized as alarming the fact that the natural increase in 1965 was 7.1 per mill.⁴ Still more alarming are the developments in recent years. After a negligible rise from 6.7 per mill in 1973 to 7.4 per mill⁵ in 1974, the natural increase of our population in all subsequent years has registered a clearly pronounced tendency to decline and in 1980 reached a record low of 3.4 per mill.⁶ In general lines it can be seen that the decline in the natural increase of the population is to a great degree owing to the observable decline in the birth rate, which went from 17.2 per mill in 1974 to 14.5 per mill⁷ in 1980. The conclusion can reasonably be drawn that

fulfillment of the tasks set by the party in the Theses for Work with Youth more than a decade ago is not up to the necessary level. Despite the importance of these tasks, the data show that there has been only temporary improvement. If we take into account also the fact that the Bulgarian population has slowed down its increase within the framework of the entire population, it will be seen that the problem is especially complex.⁸

If these trends continue, obviously population aging will continue too and it is not precluded that in a certain period of time an absolute decline of the Bulgarian population will ensue as well.

From "Statisticheskiya Godishnik na NRB" [The Statistical Yearbook of the Bulgarian People's Republic] it can be seen that not only third-child, but also second-child births are declining. This means that the proportion of one-child families is increasing with the result that "a danger of disrupting the normal age structure of the population is created and its restoration is becoming a matter of many decades."⁹

It is unnecessary here to point out any more possible adverse consequences of the decline of the birth rate. They are most diverse, but it is not the object of the present article to explain them. Our task is to seek the causes of the present state of affairs and to substantiate, at least in part, certain measures proposed as a way out of it. It must be stressed once more that naturally all the causes of the observed birth rate developments cannot be exhausted here. To all appearances they are basic, and solving them will contribute in maximum measure to the realization of the goals associated with reproduction of the population in our country.

There is no reason to doubt the truth of the proposition that "in contrast to the animal kingdom, becoming pregnant and having a baby is a married couple's voluntary act, which for its part is determined by the social conditions under which people live."¹⁰ On the basis of this proposition in its synthesized form, the cause of our low birth rate can be sought in the fact that the social conditions needed for a birth rate corresponding to the interests of society, especially as regards the third child, still have not been found. And this is so despite the fact that the Bulgarian people now have an incomparably higher living standard than at any stage in the past.

Many facts can be cited to confirm the conclusion that we have drawn. First among these, we must point out the organization of the reproduction process. It is the literal truth that in the national economy this process includes reproduction of the means of production and reproduction of the labor force. The decisive place of the labor force within the framework of productive forces is universally accepted. Despite the theoretical clarity about the place of the labor force in the reproduction process, one is impressed by the fact that there is a definite disparity between the degree of planning in the reproduction of producer goods and consumer goods and the degree of planning in the reproduction of the population and the labor force, to the detriment of the latter.

Our socialist state has deliberately and systematically approved a number of material and moral incentives which were supposed to lead to an increase in

the birth rate and to a solution of a family's third-child problem. The data show that the incentives thus far used are not yielding the desired lasting effect. Obviously, in our social realities there are circumstances that do not encourage the family, the basic social unit in which reproduction of the population takes place, to have more children.

The conclusion from this is that a systematic and comprehensive study must be made of the factors affecting the birth-rate level, forecasts must be made of the development of these factors, and on this basis long-term measures for stimulating the birth rate must be formulated. It is advisable to include these measures in the integrated plan for the socioeconomic development of the country. Those responsible for their nonfulfillment should be taken to task, just as in the event of nonfulfillment of production tasks.

Hitherto the main burden of stimulating the birth rate has rested at the national level and, to be more precise, on the country's budget. Intensification of the planning principle in this regard increases still more the role of the socialist state in the guidance of these processes but this does not mean that plans must be made only at the national level. To the contrary, in our opinion, such plans could also be drawn up at the level of the individual economic organizations. Hitherto they have asked society for manpower, but it can be said that they have not participated to a sufficient degree with their own forces and resources in organizing the reproduction of manpower. It would be advisable for social organizations at all levels likewise to have plans for encouraging births, especially third-child births. It is important that people's councils have such plans, too.

In so far as it is a matter of the planning of education and the use of social consumption funds, the pledges made by economic organizations and local social and state agencies along these lines will answer the requirements of the new economic mechanism mapped out by the party. "Thereby wider scope must be opened up for local governing bodies and agencies of authority, for economic organizations and labor collectives to solve the social, scientific and cultural problems in their own lives."¹¹

Quite naturally the question arises of specifying the tasks that must be assigned by planning procedure in order to stimulate the birth rate. If an answer is to be given, obviously all the conditions and factors affecting the birth rate must be studied. Given such investigations, there should be no special difficulty afterwards in formulating planned tasks in such a way that, as they are fulfilled, a favorable change will be effected in these same conditions and factors on which the birth rate depends.

As an idea for discussion, it can be suggested here that part of the SBKM [expansion unknown; possibly assistance to or services for pregnant women and nursing mothers] Fund be segregated for stimulation of the birth rate and reproduction of the population. Perhaps in order to clarify the mechanics of the planned formation and utilization of this fund, a group of representatives of planning and financial agencies will have to be formed, with the assistance of scientists working on the problems in question.

It is imperative to emphasize that the point here is absolutely not to plan by directive how many children the individual family must have, but rather to provide systematically organized, flexible material and moral incentives for those families that take a larger part in the reproduction of the population. It must be borne in mind that "any one-sided, half-way and crude intervention in these complex processes not only will not break down 'the psychological barrier' that rises like an indestructible Roman wall, but would cause people various serious sociopsychological traumas, disturb the normal course of the reproduction of the population and also seriously affect their social and vocational activity."¹²

On the other hand, we must point out the error in the viewpoint of those who reject any possibility whatever of intensifying and improving planning activity in the population reproduction area. Careful analysis of the problems indicated below make inescapable the conclusion that the degree to which, and the speed with which they are solved will be directly proportional to the degree of planning with which they are approached.

A number of authors with reason seek the main cause of the decline in the birth rate in the area of economic incentive. "Special attention must be given to reinforcement of the economic incentive and further increase of the social perquisites and privileges of the mothers of many children. Unwarranted delay in providing incentives for this process may occasion losses of immeasurable dimensions involving the lives of many generations."¹³

Our socialist state is allotting considerable funds to stimulate the birth rate. Thus, for example, in 1980 alone the benefits paid for pregnancy and child birth, for the care of small children, one-time benefits for child birth and family allowances given to mothers in addition to wages amounted to 679.3 million leva.¹⁴ Considerable funds are also allotted for the construction of buildings for nurseries and kindergartens, with matters so organized for their support that families with more children will to a certain extent be benefited by the fees paid. Favorable changes along these lines alone are made with every passing year, but for the present these changes are not adequately reflected in the birth rate in general and in the number of third children born.

Bearing in mind the requirement ". . . of decisively raising the economic and social effectiveness with which social consumption funds are used,"¹⁵ an explanation must be sought for why they still fail to have sufficient effect. In the opinion of some, the reasons for this are that the benefits paid do not fully compensate for the income drop per family member on the birth of a subsequent child.

From the viewpoint of the requirements for reproduction of the population, the right thing would be if on the birth of a third child economic incentives were granted that would compensate for the decline per family member in income deriving from wages and that would even result in a certain higher degree of satisfaction of needs. Guaranteeing a higher degree of satisfaction of the needs of the three-child family would be the economic condition that could become the objective basis for changing the ideological and psychological

conception of the birth rate that has now come into being. This is so because the modern family sets great store by the quality of reproduction, by the quality of the generation it creates. And this quality depends essentially on economic conditions.

Our society has rightly set itself the task of gradually assuming an ever greater share of the support of the rising generation. This, however, could be done either gradually for the rising generation as a whole or by starting first with the families with many children. Obviously for the birth rate and reproduction of the population, it would be better if the provision of incentives for three-child families is increased. Such a decision will to a greater degree meet the requirement of the new approach that as social consumption funds are created and used, greater fairness in their distribution must be assured.

The benefits given in the form of family allowances should, in our opinion, be improved in two more directions. First, in order to encourage third-child births, these allowances might be given even after 16 years of age as long as instruction in the educational system continues. If the size of the national income does not permit this to be done for all children, it would be a good idea to apply the measure in question at least to three-child families.

Second, it is right to change the present principle of giving family allowances in an identical amount regardless of whether the children are suckling babes or teenagers. It can be expected that if in the future the family allowances paid increase as the age of the child increases, this will have a beneficial impact on the birth rate too. A guide for such increases should be the amount of expenditures for child support at any given age.

It is not amiss to suggest here yet another measure for three-child families. At the December Plenum of the BCP Central Committee in 1972 it was indicated that with the passage of time the income tax should decline. Unquestionably it would be a good idea if at the present stage this measure were applied only to the income of the families guaranteeing the expanded reproduction of the population.

A lag is noticeable at present in the rate of increase in the benefits paid to encourage births as compared with the rate of growth of per-capita national income. If we take national income per capita in 1974 as 100, then in 1979 it had increased to 136.1. Simultaneously, in comparison with a base of 100 in 1974 the benefits paid as direct incentives for births had increased to 113.6. If the share of national income that went for accumulation remained constant during the period under consideration, this means that the share of the national income consumed in families with a low birth rate increased relatively. This state of affairs is caused mainly by the fact that benefit norms were static and constant for a long period of time, while the birth rate during this period declined. It is logical, given this situation, to reduce the absolute amount of the total benefits as well. A counteractant in this case might be to make benefits more dynamic, changing the amount thereof more frequently and taking into account variations in the birth rate and in the size of the national income.

Another aspect must be pointed out in connection with economic incentives. Conditions in our country at present are such that usually the birth of a third child means a reduction in living space per family member. This social condition is also an important curb on a rise in the birth rate. This problem is only mentioned here in passing not because it is of small importance, but because it requires more special examination. Here it can be noted that the mass housing construction carried out by the state and individual departments inadequately takes into account the needs of the three-child family. This holds true especially for the cities where more and more the bulk of the population of childbearing age is concentrating in recent years. Solution of this problem calls for vast funds and cannot be done in a short time, but a start must be made. The present situation where the average housing space per family member in three-child families is less than in smaller families is no incentive for having a third child and must gradually be remedied. Along these lines, for example, a comprehensive plan-program for solving the problem on a national scale would be appropriate.

Many families refrain from a second, and especially from a third child for the sake of being able to own a number of durable goods. In many cases a consumerist approach to life is manifested that cannot be justified and must be combated. Overcoming it, however, will be a protracted process. State policy of encouraging births must take this fact into account.

An interesting but unsolved problem from a theoretical and practical point of view is that of the labor invested in the rearing of children, especially while they are younger. Wages--the form in which the predominant part of the product needed for reproduction of the population appears, and social consumption funds, including the means for the encouragement of births, provide whatever has to be consumed if manpower is to be reproduced.

In order to have consumption and, consequently, the reproduction of the population, it is not enough merely that income be available to be used to purchase such goods and services as may be necessary. There has to be a considerable input of human energy, a considerable input of labor if the consumption itself is to take place. To develop normally, to be able to consume and be educated, a child needs considerable care--to a greater or lesser degree almost until it reaches its majority, and this requires a corresponding input of physical and mental energy on the part of its parents. This form of labor, when performed, say, by employees in nurseries and kindergartens or by the personnel of educational institutions etc. is paid labor. The labor performed by parents in rearing and educating children, however, has not had the requisite economic recognition on a society-wide scale. It is left in large measure to the parents and, whenever there are any, to grandmothers and grandfathers. It is, so to speak, labor on socialized principles, labor performed without compensation for the benefit of society unless, of course, the mother is on maternity leave. The labor involved in rearing the first child can and must be left to the family, and this reasoning may hold true up to a point for the second child as well, but with the third child there must be a changeover to some form of payment for it. This is so because parents who have three children and give them the necessary care, other things being equal, have less vital energy for their job and may receive less remuneration under the system of distribution according

to labor. Thus, for example, a female weaver who either got no sleep the entire night or was frequently awakened by her children can hardly fulfill her work norm the way an identically qualified female weaver can who does not have these problems.

The question of payment for child-rearing labor has another aspect. In Marxist-Leninist political economy the principle is generally recognized that the law of distribution according to labor results in economic inequality among the members of society because of their different vocational aptitudes and because of the varying number of incapacitated persons to whom remuneration for invested labor is distributed. If the socially useful labor invested by parent in child-rearing were reflected approximately in wages on the birth of the second and third child respectively, the inequality caused by the operation of the law of distribution according to labor would be lessened to a considerable extent. This would have a positively favorable effect on the birth rate. At present it can be said that wages are not used as a means of encouraging births. What is more, under the present organization there are factors that indirectly have a negative effect in this area. It is relevant to cite Karl Marx's idea that "The constant maintenance and reproduction of the working class (Here this can safely be applied to the entire labor force—D.M.) remains a constant condition for the reproduction of capital. Capital can safely leave the meeting of this condition to the workers' instinct of self-preservation and propagation."¹⁶ By analogy, the question arises whether socialist society can rely solely on its members' "instinct of self-preservation and propagation." Socialist society is making and must make still greater efforts to bring about such behavior of its members in the area of births as will meet social needs. Otherwise, the optimum scale of population reproduction will not be achieved.

The causes mentioned thus far of the decline in the birth rate and the suggestions for remedying them in one way or another involve using the means of the national income. It must be borne in mind, however, that our state's resources for encouraging births are not unlimited. That is why, apart from the suggestions regarding the size and more efficient utilization of the funds appropriated to encourage births, the natural and logical question arises whether there are forms and methods of providing incentives that do not require additional capital investment. It can definitely be said that the answer to this question is positive. We cannot here analyze in detail the different methods and ways and therefore those we have indicated below must be considered rather as an illustration of the existing--and at present insufficiently utilized--possibilities for precisely such stimulation of expanded reproduction of the population.

Socialist literature with good reason cites the problem of parents' time as a cause of the low birth rate. It is wrong, however, to speak only of the time of the woman and mother. In a three-child family the time of two parents does not suffice. In our opinion, it is proper that a saving of the time of parents of many children should be secured by legislative means. This, to a certain extent, will perhaps have to be done at the expense of the time of certain members of society, but there is nothing wrong about this since guaranteeing the expanded reproduction of the population is a first-priority national problem.

It is not irrelevant to discuss the possibility of giving every parent on the birth of a third child a document guaranteeing him or her priority attention in the stores, in receiving medical services (except for emergency cases, of course), in receiving municipal and personal services etc. It is in order to ask nonparents to grant such exception or priority and to have signs in appropriate places reading "Parents of many children given priority service."

If we analyze another area, namely vacations, it will be seen that usually in enterprises and departments the parents of many children can be counted on one's fingers, but the practice of their receiving vacation cards because of the fact that they have many children is very rare. Other things being equal, they have the greatest need of an annual vacation. Even vacation cards are tailored to one- or two-child families, while three-child families have "to adjust somehow" to a smaller number of accommodations at the vacation resorts.

Sometimes it so happens that ". . . society (the state) may deem desirable or necessary a change in the rate of reproduction of the population with this thesis, however, finding no support in the family."¹⁷ It is for precisely this reason that society takes and must take steps that will assure a common orientation of its interests and those of the family. The weaknesses that occur in this area are sometimes the result of the operation of the subjective factor. It must be borne in mind that at the present time the possibility is not entirely precluded of the subjective factor operating in the name of the state while its actions, deliberately or unwittingly, are objectively at variance with the interests of the state, of socialist society. Such actions or views unfortunately very often go unpenalized and in this manner the formation of "a stable and strong public opinion that will accelerate and facilitate the implementation of decisions that have been made"¹⁸ fails or is impeded. The perfunctory attitude towards the problems of families with many children and the bureaucratic approach to their solution are not abandoned without ideological and psychological aftereffects that are adverse for births.

An eloquent example of the improper approach to be encountered in some administrative agencies is the application of the Ukase on the Encouragement of Births. According to it, the mothers of three or more children are given official honors--a decoration or medal. Actually, this is perhaps the only official honor which the person entitled to it has to request himself from the competent authorities. A mother must go to the people's council, fill out the documents and await the decision of the State Council. The idea is fine, but the implementation is poor. One might think that, as in the case of other honors, the initiative should come not from the mother, but from the people's council, the enterprise, the public organization etc. One way is to draw up the documents after the honor is given; the other is for the mother to request or ask for the honor due her by drawing up these documents. The medal gives the right to one free trip all over the country every year, and many times the motive for drawing up the documents is precisely the possibility of this free trip, which reduces to a minimum the element of moral incentive.

In his Theses on Work with Youth, Comrade T. Zhivkov notes with alarm that "both in the city and in the country . . . a psychology of having no or few children has been created."¹⁹ This psychological conception is at variance

with the interests of socialist society; it has objective roots, however, in our realities. It can be redirected only by the planned and purposeful effort of the entire country, and not by specialized agencies alone. For the purpose, incentives must systematically be provided for a third child, the effectiveness of these incentives must constantly be analyzed, and at the same time it must still not be forgotten that "it is not just the economic factor that comes in question."²⁰ Adoption of the idea that the birth rate declines as the population's living standard rises is wrong and is refuted by developments in a number of socialist and capitalist countries. In our socialist society, not only the necessity, but also the possibility exists of achieving a birth rate commensurate with the socialist order.

FOOTNOTES

* The article is published by way of discussion.

1. T. Zhivkov, "Za Komsomola i Mladezhata" [On the Komsomol and Youth], Narodna Mladezh Publishing House, Sofia, 1971, p 93.
2. "Tezisi na Dvanadesetiya Kongres na BKP" [Theses of 12th BCP Congress], Partizdat, Sofia, 1982, p 52. T. Zhivkov, op. cit., p 91.
3. T. Zhivkov, "Za Komsomola i Mladezhata," Narodna Mladezh Publishing House, Sofia, 1971, p 91.
4. T. Zhivkov, "Za Komsomola i Mladezhata," Sofia, 1971, p 91.
5. "Statisticheski Godishnik na NRB" [Statistical Yearbook of the Bulgarian People's Republic], 1979, p 34.
6. "Statisticheski Godishnik na NRB," 1981, p 34.
7. Ibid.
8. L. Radulov, "Vuzproizvodstvo na Trudovite Resursi v Razvitoto Sotsialisticheskoto Obshtestvo" [Reproduction of Labor Resources in the Developed Socialist Society], Varna, 1977, p 201.
9. Ibid., p 179.
10. Ibid., p 167.
11. T. Zhivkov, "Otchet na TsK na BKP pred Dvanadesetiya Kongres i Predstoyashite Zadachi na Partiyata" [Report of BCP Central Committee to the 12th Congress and Impending Party Tasks], Partizdat, Sofia, 1981, p 63.
12. M. Minkov, "Naselenie i Osnovni Sotsialni Strukturi" [Population and Basic Social Structures], Bulgarian Academy of Sciences, Sofia, 1976, p 243.
13. L. Radulov, op. cit., p 199.

14. "Statisticheski Godnishnik na NRB," 1981, p 89.
15. T. Zhivkov, op. cit. [sic], p 62.
16. K. Marx and Fr. Engels, "Such." [Works], Vol 23, p 581.
17. L. Radulov, op. cit., p 116.
18. Al. Lilov, "Doklad pred Plenum na Tsentralniya Komitet na BKP, Sustoyal Se na 7 i 8 Fevruari 1974 g." [Report to Plenum of BCP Central Committee Held on 7 and 8 February 1974], Partizdat, 1974, p 46.
19. T. Zhivkov, "Za Komsomola i Mladezhata," Sofia, 1971, p 90.
20. Ibid., p 89.

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SURVEY OF CHANGING CONSUMER TRENDS

Sofia PLANOVO STOPANSTVO in Bulgarian No 8, 1982 pp 11-21

[Article by Yuliyana Karaulanova: "Trends in the Development of Individual Consumption of Food- and Nonfoodstuffs"; passages enclosed in slantlines printed in boldface]

[Text] In the social policy of the party and state, individual consumption, which includes the consumption of food- and nonfoodstuffs, is one of the important indicators characterizing the people's living standard. At the present stage, with the growth of the importance of social goals in the formation of national economic proportions and the rise in the efficiency of the social reproduction process, it is necessary to have a thorough acquaintance with the dynamics and patterns in the development of individual consumption in connection with the determination of needs and the possibilities of satisfying them. The harmonious development of the main productive force--the maker of all material and spiritual goods--depends, to a considerable degree, on the extent to which the people's diverse needs are satisfied.

The factors affecting the volume and structure of individual consumption and, in particular, the consumption of food- and nonfoodstuffs are many. These factors can be socioeconomic, natural and climatic, physiological, national, demographic, psychological etc. Some of them have a universal--others a more limited--effect; some are quantifiable and controllable, others are immeasurable. Directly controllable factors include those whose change can be deliberately planned in order to change the structure of consumption and the general patterns of its development in some particular direction.

The influence of both national income and its distribution on production is decisive. They have a determining role as regards the population's nominal and real income. Real income, for its part, depends on price level, while incomes and prices, jointly and individually, affect consumption volume and structure and, specifically, the consumption of food- and nonfoodstuffs and consumer demand. The size and the rate of growth of national income are not only synthetic indicators of a given country's economic growth, but by distributive and redistributive processes they determine the level of the basic indicators characterizing the people's material welfare.

During the period from 1960 to 1980 the size of the national income produced in our country grew from 4,488,800,000 leva to 20,508,600,000 leva at an average annual rate of 7.5 percent.¹

The rise in the level of individual consumption (in particular, the consumption of food- and nonfoodstuffs) and the structural changes therein are a direct function of the dynamics and structure of the income that is formed in the process of distribution and redistribution of the national income and the Consumption Fund. This process terminates in the formation of the final, actually used income, the bulk of which the population receives in the form of wages in accordance with the quantity and quality of labor invested in social production, and in the form of goods and services from the social consumption funds in accordance with the needs of the members of socialist society. In 1980 per-capita real income had grown 151.5 percent over 1960 at an average annual rate of 4.5 percent.²

The rate of real income growth is one of the consummately synthetic, most significant indicators characterizing the party's policy of raising the people's living standard. This rate is determined by the rate at which the national income grows, by the maintenance of an optimum proportion between the Accumulation Fund and the Consumption Fund, as well as by the improvement in the structure of the Consumption Fund.

The volume and structure of individual consumption (and, specifically, the consumption of food- and nonfoodstuffs) are most sensitive to a rise in the amount of individual wages, which make possible a corresponding socioeconomic access to the material and nonmaterial means of subsistence. Wages are the basic means of providing economic incentive for workers to participate most actively in social production and in raising the social productivity of labor. During the period from 1960 to 1980 real wages, which characterize the purchasing power of the total amount of money at the workers' disposal, grew 1.7-fold.³

Goods from the social consumption funds play an ever greater role in the formation of the population's real income. These, as is known, are that portion of the national income which, as a result of its distribution and redistribution, the population receives in the form of money and services to satisfy individual and collective needs. By virtue of these goods, the differentiation in income and well-being of individual households is lessened.

The absolute volume of social consumption funds in 1980 amounted to 5,075,700,000 leva as against 700,200,000 leva in 1960, i.e. during this 20-year period the absolute volume of social consumption funds grew at a much faster rate than did national income, registering an increase of 7.2-fold. Per-capita social consumption funds grew, correspondingly, from 89 leva to 573 leva, at an average annual growth rate of 9.3 percent.⁴

During the Eighth Five-Year Plan a new approach will be made to the formation and utilization of social consumption funds. They "will grow at a slower rate than heretofore, but their absolute size will be larger since every percentage point of increase represents a larger sum than during the preceding periods."⁵

There will be a significant increase in the economic and social effectiveness of these funds (their main purpose being to stimulate more productive labor) "for the solution of the problems of the laboring man and his family, for the enhancement of his education and qualifications, for more meaningful daily recreation, for everything that will make his labor more productive and resultful for society as a whole and for him personally."⁶

The level and dynamics of retail prices directly affect the formation of the population's real income and the volume and structure of effective demand. By means of these, consumption structure can be changed and the necessary equilibrium brought about between consumer-goods demand and supply when this cannot be achieved by expanding or decreasing the volume of production and by imports or exports. Through the price mechanism, consumption of a certain group of commodities can be stimulated so as to achieve physiological and rational consumption norms or to restrict the demand for a number of commodities, the consumption of which is irrational or injurious to human health.

In 1980 the state retail price index had increased 35 percent over 1960, i.e. an average annual increase of 1.5 percent, which is significantly slower than the growth of real income and the Consumption Fund.⁷

Individual consumption under socialism is formed and developed purposefully on the basis of a continuous increase of production, which is the economic basis and the source of the means and conditions supporting man's vital activity. Raising the working people's real income and further development of consumption on a scientific basis require that this be tied in with "making the production of a greater amount of more diverse and high-quality goods for the population the paramount task of all sectors of the national economy and of all economic organizations and enterprises, irrespective of the product of their activity."⁸

National consumption (in general, and in particular the consumption of food- and nonfoodstuffs) is closely related to and dependent upon the state of the trade network which provides the link between production and consumption by meeting the population's effective demand. Here we must emphasize the advantages of socialist planned regulation of the ratio between effective needs and the stock of commodities for meeting them quantitatively and qualitatively. This is one of the main aspects of the socioeconomic policy of the party and the socialist state.

A synthetic indicator which gives an idea of the population's living standard and trends in the development of individual consumption of food- and nonfoodstuffs is retail goods turnover. During the period under investigation the volume thereof grew at an average annual rate of 8 percent, reaching in 1980 the total of 12,083,900,000 leva and a 76.9-percent share of the Consumption Fund as against a 73.7-percent share in 1960.⁹

In the 20-year period under review, goods turnover of food- and nonfoodstuffs in retail trade increased by 274.7 percent,¹⁰ while real income increased by 151.5 percent. The coefficient of advance is 1.8, which is eloquent proof of the working people's increased purchasing power. This growth in retail goods

turnover is a consequence of an increase in the proportion of urban population (from 38 percent in 1960 to 62 percent in 1980),¹¹ the decline of in-kind consumption as a result of an increase in the marketability of agricultural output, an increase in the population's income and, not least, an expansion in the volume and improvement in the structure of marketable goods. It is a very significant fact that foodstuffs' share of the total volume of retail goods turnover declined from 45.5 percent in 1960 to 39.3 percent in 1980, i.e. by 6.2 percentage points, despite the fact that the consumption thereof during the period grew nearly 3-fold at an average annual rate of 5.4 percent.¹²

The main structural changes and patterns in the development of our people's diet emerge in a comparison of the population's real income during the period from 1960 to 1980 with the sale of staple food stuffs in retail trade. Thus, during the period under investigation real income increased 2.5-fold, the sale of meat and meat products 2.9-fold, milk and dairy products 2.7-fold, eggs 3.3-fold and fish 3.1-fold.¹³

The growth of income contributed to progressive qualitative changes in the people's diet by way of biologically more valuable food products.

Nonfoodstuffs' share of the total volume of goods turnover increased from 54.5 percent in 1960 to 60.7 percent in 1980. The growth in the sales of non-foodstuff durables at a rapid rate, and especially of those intended for cultural and domestic purposes, emerges as the basic pattern of nonfoodstuff consumption. The increase in the share of the personal consumption fund that nonfoodstuffs represent is a sign of a rise in the people's material well-being and in their educational and cultural level.

This trend must be developed and intensified by expanding the trade network, by improving the forms of trade services, by bettering the structure of marketable goods, and by overcoming shortages of a certain line of goods through an increase in production and an expansion of integration relations with other countries. Our country has by now reached a stage in its socioeconomic development at which a transition to a higher quality level of consumption is possible by planning qualitative changes in the supply of durable goods--for example, color television sets, automatic washers, multiple-compartment refrigerators etc. Raising the quality and diversity of the assortment of consumer goods is a very important question because any failure to sell marketable goods stemming from a discrepancy between demand and supply results in failure to satisfy the population's needs, in free disposable income and additional market strain.

"If goods are lacking or if there is no demand from the population for those that are offered, even with the most perfect system of payment according to the quantity and quality of labor incentive is disrupted and is of no effect in improving production results."¹⁴ Therefore we must study consumer demand in terms of volume and structure, time and place, and put it on a scientific basis. Creating and maintaining the optimum proportion between marketable goods and disposable income has as its purpose the improvement of demand structure, on the one hand, and of production structure, on the other, with this production oriented towards new goods and selections that will satisfy the population's constantly growing esthetic and gustatory requirements.

The progressive trends in individual nonfoodstuff consumption can be judged from the increase in the sales of some of them. Forty times as many television sets were sold in 1980 as in 1960, 30 times as many home refrigerators, 26 times as many cars etc.¹⁵ The extensive permeation of our way of life by goods of this group is contributing to a rise in the standards of the socialist individual and to his esthetic and ideological education. Household appliances and the easing of the housewife's work make possible the extensive development of active recreational needs. That is why their share of the total volume of the Personal Consumption Fund grew from 2.2 percent in 1960 to 4.2 percent in 1980.

The planned building in industry and agriculture, the growth in the income of all categories of working people and the improvement in the social-class structure of the population are the basis for the progressive changes brought about in the structure of the personal consumption fund and its closer approximation of optimum internal ratios.

What changes have taken place in the consumption structure of foodstuffs themselves? Expressed in physical terms and calculated per capita, the indicators give a comparatively full and realistic picture of the rate at which the need for a given group of commodities is satisfied and are convenient for making a comparison with scientifically substantiated consumption norms (Table 1).

Table 1

PER-CAPITA CONSUMPTION OF BASIC FOODSTUFFS*

Таблица 1

Потребление на основни хранителни продукти на човек от населението*

(A) Хранителни продукти	(B) Мярка	(C) Рационална норма	(D) Потребено през 1960	(E) Потребено през 1980	(F) Индекс при база 1960 г. = 100	(G) Степен на задоволеност - 1980 г. към рацион. норма -- в %
(1) Месо и месни произведения	кг	80	29,1	61,2	210,3	76,5
(2) Маяко и млечни продукти	л	260	92,3	169,4	183,5	65,2
(3) Риба и рибни консерви	кг	12	2,2	6,9	313,6	57,5
(4) Яйца	бр.	265	84,0	204,0	242,8	76,9
(5) Захар и захарни изделия	кг	32	17,7	34,7	196,0	108,4
(6) Хляб и хлебни изделия	кг	135	261,4	216,0	82,6	160,0
(7) Зеленчуци	кг	180	97,2	93,8	96,5	52,1
(8) Плодове	кг	200	95,3	105,8	111,0	52,9

*Table compiled according to data from "Statisticheskii Godishnik na NRB" [Statistical Yearbook of the Bulgarian People's Republic], 1981, p. 95, and "Tezisi na TsK na BKP vuv Vruzka s Podgotovka na XI Kongres na Partiya" [Theses of the BCP Central Committee in Connection with Preparatory Work for the 11th Party Congress], Sofia, Partizdat, 1976, p. 91.

[Kay on next page]

Key to Table 1:

A. Foodstuffs

1. Meat and meat products
2. Milk and dairy products
3. Fish and canned fish
4. Eggs
5. Sugar and sugar products
6. Bread and bakery products
7. Vegetables
8. Fruits

B. Unit of measure

- 1., 3., 5.-8. kg
2. liter
4. each

C. Optimum norm

D. Consumed in 1960

E. Consumed in 1980

F. Indices taking 1960 as base of 100

G. Degree to which 1980 rate of satisfaction of needs meets optimum norm, in %

In analyzing diet standard and quality we find during the period under review a great increase in the consumption of such physiologically important foodstuffs as meat, the consumption of which more than doubled; fish, the consumption of which more than tripled; eggs, the consumption of which more than doubled etc. The absolute and relative decline in the annual consumption of bread and bakery products is convincing proof of favorable changes in foodstuff consumption structure.

The standard and quality of the actual diet can be judged most accurately through a comparison with scientifically substantiated consumption norms. The diet is not limited to these norms, but aims for a quality and structure that according to science meet the various needs of the physically and culturally developing individual. "The physiologically substantiated diet norms are the average approximate standards for the nutrient and energy content that is recommended from the health standpoint for the diet of different age groups of the population under working and living conditions specific for our country."16

Optimum norms are not something immutable, determined once and for all. They will be changed and improved in line with the degree of development reached

in the country's material and technical base, the growth of labor productivity and the resources we have at our disposal, as well as the changes in the population's effective demand and the constant rise in their esthetic, gustatory and other requirements.

Despite the great increase in meat and meat-products consumption it still lags behind the population's concrete needs and purchasing power. That is why the decisions of the 12th BCP Congress set the task of sharply increasing the quantity and quality of the produced output of animal husbandry.

Despite the emerging trend towards a reduction in the proportion of bread and bakery products, the absolute quantities are still high and exceed the optimum norm by 60 percent.

Fresh fruit and vegetable consumption is still unsatisfactory; the degree to which the norm is met is barely 52 percent. In this case the question of full satisfaction of needs will be solved by further development of our economy, by rapid expansion of hothouse production and by building facilities of optimum size (with the necessary equipment) for the storage of fruits and vegetables, which will make possible their sale in a fresh state the year round. In the future, fruit and vegetable consumption will increase mainly in the form of natural fruit and vegetable juices and purees with a rich vitamin and mineral salt content. It is also very important to replace the sale of fruits and vegetables in sterilized form by deep-freezing, freeze-drying and other progressive methods, through which the nutrient qualities of the preserved products can be more fully retained.

Improvement of the Bulgarian people's diet is also reflected in the increase in its average daily caloric content. The food products consumed per capita in 1960 contained 3114 calories, while in 1980 they contained 3497, as against a norm of 3000 calories prescribed for our conditions.¹⁷ A progressive trend is the increase in the share of the total volume of calories per capita coming from foodstuffs of animal origin, namely, from 14.5 percent in 1960 to 24.7 percent in 1980. A comparative analysis with certain highly developed socialist and capitalist countries in respect of consumed calories of animal origin shows that something still remains to be desired in our country. Thus, of the total volume of calorie intake per capita, calories of animal origin constitute 36.6 percent in the GDR, 34.6 percent in the Czechoslovak Socialist Republic, 36.8 percent in the United States, 42.3 percent in Canada.¹⁸

To obtain optimum food product consumption, we must take into account the biological value of the ingested food, which is determined by the ratio of the proteins, carbohydrates, vitamins and mineral salts ingested with the food. Of special importance for an adequate per-capita diet is protein consumption, which in Bulgaria is close to physiologically optimum consumption--an average daily norm of 95-100 g. During the period from 1975 to 1977 an average of 104 g of proteins was consumed per capita per day in our country (of which 40.1 g were of animal origin), 107.1 g of fats and 55.9 g of carbohydrates.¹⁹

But here, too, consumption is structurally inadequate--proteins of animal origin constitute 37.5 percent in the Bulgarian People's Republic as against

58 percent in the GDR, 58.6 percent in the Czechoslovak Socialist Republic, 68.5 percent in the United States, 64.1 percent in France and 64.8 percent in the FRG. That is to say that in respect of the consumption of proteins of animal origin, despite our high rate of development we still lag behind the countries that are advanced in this respect where the average daily consumption is 60 g. The per-capita fat consumption that we have achieved comes close to the biological optimum.

Food needs, being a physiological process, have saturation limits, unlike non-foodstuffs whose growth rate is closely related to the increase of production and the rise of the population's real income. On the basis of physical indicators calculated per capita, we have established to what extent the norm for individual groups of nonfoodstuffs is satisfied in our country (Table 2).

Table 2

PER-CAPITA CONSUMPTION OF BASIC NONFOODSTUFFS*

Таблица 2

Потребление на основни нехранителни продукти на човек от населението*

(A) Нехранителни стоки	(B) Мярка	(C) Рационална норма	(D) Постигнато през 1965 г.	(E) Постигнато през 1980 г.	(F) Индекс при базиса 100 за 1965 г.	(G) Степен на задоволеност 1980 г. към рационалната норма в %
(1) Памучни тъкани	м ²	36	19,8	25,9	130,8	71,9
(2) Вълнени тъкани	"	7	3,2	4,6	143,8	65,7
(3) Конпринени тъкани	"	7	1,3	3,9	300,0	55,7
(4) Гривкотажни изделия	бр.	19	6,0	12,2	203,3	64,2
(5) Предмети за дълготрайна употреба на 100 семейства:						
(6) радиоприемници	бр.	130	59,0	88,0	149,2	67,7
(7) телевизори	"	105	8,0	25,0	937,5	71,4
(8) перални машини	"	70	23,0	71,0	308,7	101,4
(9) домашни хладилници	"	100	5,0	26,0	15 пъти	76,0
(10) леки коли	"	40	2,0	24,0	12 пъти	60,0

* Table compiled according to data of "Statisticheski Godishnik na NRB," 1981, pp. 95-97, and "Tezisi na TsK na BKP vuv Vruzka s Podgotovkata na XI Kongres na Partiya," Sofia, Partizdat, 1976, p. 91.

Key:

A. Nonfoodstuffs

1. Cotton fabrics
2. Woolen fabrics

[Key continued on next page]

Key to Table 2 (continued):

3. Silk fabrics
4. Knitwear
5. Durable goods per 100 families:
6. Radio receivers
7. Television sets
8. Washing machines
9. Home refrigerators
10. Cars

B. Unit of measure

4., 6.-10. each

C. Optimum norm

D. Achieved in 1965

E. Achieved in 1980

F. Indices with 1965 taken as base of 100

G. Degree to which optimum norm is satisfied in 1980, in %

During the period under review the greatest increase is observable in the consumption of silk fabrics and knitwear (a reflection of the intensification of preferences for ready-made clothing). The degree to which the norm for household appliances was satisfied increased at a rapid rate. The scientifically substantiated norms for the number of washing machines per 100 families has already been reached, and in the near future it is expected that the norms for home refrigerators and television sets will be met, too.

Qualitative changes in the consumption structure of food- and nonfoodstuffs emerge most clearly in an analysis of trends inside each social group and according to income level.

Investigation of changes in the in-kind composition of basic foodstuff consumption reveals a process whereby the differences existing between the consumption level of manual workers, cooperator peasants and office workers are smoothed out. Contributing to an improvement in the diet of all social groups and to the intensive convergence of their consumption levels and structure is the higher rate of growth in the consumption of certain groups of commodities for cooperator peasants, namely: milk—average annual rate of growth 3.8 percent as against 1.3 percent for manual workers and 1.1 percent for office workers; dairy products—rate of growth 3.1 percent as against 1.6 percent for manual workers and 1.25 percent for office workers; meat products—rate of growth 7 percent as against 6.3 percent for manual workers and 5.4 percent for office workers.²⁰

The majority of people satisfy their energy needs by the consumption of bread and bakery products. It is to be noted, however, that there is a stable trend towards a decline in the proportion of calories provided by the consumption of bread and bakery products. Thus this group of products in 1965²¹ provided 54.3 percent of the calories of manual workers, 49.5 percent of the calories of office workers and 54.8 percent of the calories of peasants. In 1980 these calories had declined respectively to 46.0 percent for manual workers, 39.4 percent for office workers and 48.2 percent for peasants. By virtue of this, the share of calorie intake coming from meat and meat products increased as follows: for manual workers, from 6.8 to 10.0 percent; for office workers, from 7.4 to 11.7 percent; for peasants, from 6.8 to 8.3 percent, and that from milk and dairy products as follows: for manual workers, from 4 to 5 percent; for office workers, from 4.7 to 5.6 percent; for peasants, from 3 to 4 percent.²²

The consumption of nonfoodstuffs shows an appreciable growth for all social groups. A number of commodities intended for cultural and domestic purposes which are not prime necessities have a very high consumption growth rate, which is an indicator of the increased purchasing power of the households of all social groups. Of special significance if we are to go more deeply into an analysis of consumption broken down by social groups is an investigation of the changes as a function of population distribution by groups according to their income. The rise in the level of individual consumption and the changes in its structure are directly related to the dynamics and structure of household income, which in turn has a corresponding effect on the structure of household expenditures. The higher consumer income, the smaller is the share of the total volume of expenditures going for food, simultaneously with an absolutely higher degree of satisfaction of that same need. Thus, given an annual per-capita income of under 710 leva, monetary expenditures for food in manual workers' households constitute 51.3 percent of their total expenditures, while given a per-capita income of over 2391 leva, this expenditure declines to 30.0 percent.

If we consider the same groups, the monetary expenditures for food in the households of office workers decline from 46.5 percent to 33.5 percent, and in the households of peasants, respectively, from 53.6 percent to 26.3 percent.²³

Hence the conclusion can be drawn that the higher, relatively, the share of a given household's total income spent on food, the more meager are the economic resources for the support of this household and the lower is the degree of satisfaction of its needs, and vice versa.

Due to the social thrust of party policy in raising the people's living standard simultaneously with the steady growth of per-capita income, food expenditures will take an increasingly smaller share, followed by a decline in expenditures for clothing and shoes and a corresponding increase in the relative share of expenditures for housing and for home furnishings and appliances, for cultural and social life, for postal and transportation services.

The intellectual flowering and harmonious development of an individual are closely linked with a rise in his cultural level and material well-being. For

the ever fuller satisfaction of the material and spiritual needs of the members of socialist society, the social reproduction process must evolve and expand at a rapid rate. It is a literal truth that only what is produced can be consumed. "The more we produce, the higher the quality and the cheaper the price, the more goods we will have at our disposal and the better we will live."²⁴ And since a rise in labor productivity is a decisive factor in production growth, "The alternative is clear: /in the period ahead we must proceed everywhere to predominantly intensive development of the economy and the other spheres of social life."/25

The socioeconomic functions of individual consumption will be reinforced by increasing the country's economic potential and the working people's cultural level. Therefore, the many-faceted investigation of a diversity of factors --economic and noneconomic, affecting the individual consumption level and structure overall and, specifically at the present stage, food- and nonfood-stuff consumption and the trends in its development, is of great importance for the formation of an individual consumption volume and structure that will facilitate the many-faceted development of the individual, the strengthening of the socialist way of life and the improvement of the entire social system.

FOOTNOTES

1. "Statisticheski Godishnik na NRB" [Statistical Yearbook of the Bulgarian People's Republic], 1981, p 141.
2. "Statisticheski Godishnik na NRB," 1981, p 75.
3. Ibid., p 75.
4. "Statisticheski Godishnik na NRB," 1981, p 87.
5. T. Zhivkov, "Otchet na TsK na BKP pred Dvanadesetiya Kongress i Predstoyashtite Zadachi na Partiya" [Report of BCP Central Committee to the 12th Congress and Impending Party Tasks], Partizdat, Sofia, 1981, p 61.
6. Ibid., p 62.
7. "Statisticheski Godishnik na NRB," 1981, p 336.
8. "Tezisi na Dvanadesetiya Kongres na BKP" [Theses of the 12th BCP Congress], Sofia, 1981, p 41.
9. "Statisticheski Godishnik na NRB," 1981, p 336.
10. Ibid., p 337.
11. Ibid., p 27.
12. "Statisticheski Godishnik na NRB," 1981, p 342.

13. Ibid., p 349.
14. T. Zhivkov, "Doklad pred Dekemvriyskiya Plenum na TsK na BKP" [Report to December Plenum of BCP Central Committee], Partizdat, 1972, p 56.
15. "Statisticheski Godishnik na NRB," 1981, p 349.
16. Instructions No. 21, DURZHAVEN VESTNIK [Official Gazette], No. 98, 19 November 1980.
17. "NRB i Svetut v Tsifri" [The Bulgarian People's Republic and the World in Figures], 1981, p 166.
18. Ibid., p 116.
19. Ibid., p 167.
20. Calculated by the author according to data of "Byudzheti na Domakinstvata v NRB" [Household Budgets in the Bulgarian People's Republic], 1981, p 63.
21. Due to the lack of statistical information for 1960, 1965 will be used as the basis for comparison.
22. Calculated by the author according to data of "Byudzheti na Domakinstvata v NRB," 1981, pp 60, 61, 62.
23. Calculated by the author according to data of "Byudzheti na Domakinstvata v NRB," 1981, pp 125-127.
24. T. Zhivkov, "Doklad pred Dekemvriyskiya Plenum na TsK na BKP," Sofia, Partizdat, 1972, p 14.
25. T. Zhivkov, "Otchet na TsK na BKP pred Dvanadesetiya Kongress i Predstoyashtite Zadachi na Partiya," Partizdat, 1982, p 25.

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INTENSIFICATION PROCESS IN CONSTRUCTION INDUSTRY VIEWED

Prague NOVA MYSL in Czech No 11, 1982 pp 72-83

[Article by Josef Hudec: "Construction and the Intensification Process"]

[Text] The 16th CPCZ Congress emphasized that "changing conditions and requirements for capital investment are placing great demands on our construction industry, which must more readily adapt the structure and allocation of its assets to the material, territorial and scheduling requirements of the investment program." (Sixteenth CPCZ Congress. Prague, Svoboda, 1981, p 28)

This essential requirement for increased construction industry performance, which was also outlined by the 15th CPCZ Congress, means a significant reorientation of construction industry assets in order to prepare for and implement both industrial and public construction projects, speed up completion tasks, concentrate on projects related to concentrated capital investment, improve organizational and managerial work, utilize technical development more effectively, and increase the efficiency and quality of construction work.

The magnitude of the monetary values involved in the formation and higher valuation of national economic resources becomes clear from the fact that the total volume of construction work amounts to more than Kcs 102 billion annually (exclusive of Project "Z" for private apartment construction, and work performed abroad). This value is generated by about 770,000 workers. Of this total value, Kcs 54 billion is generated by construction organizations of the ministries of construction of the CSR and the SSR (MSv CSR and MSv SSR). With a total of 325,000 employees. The fuel and energy, agriculture and food, metallurgy and machine building, transportation and other centrally managed sectors account for Kcs 11 billion and 86,400 employees. District construction firms and roads administered by national committees account annually for about Kcs 17 billion and employ more than 133,400. The remaining Kcs 21 billion are generated by cooperative construction firms, production cooperatives, associated JZD [Unified Agricultural Cooperatives] production and by work groups of various institutions, with a total payroll of 214,000 workers.

Industrial production of construction materials, which constitutes the material base of construction, employs almost 110,000 who produce a total production volume of Kcs 23 billion.

These numbers alone document the important position of construction within the national economy and why its further, qualitatively more sophisticated development is important to the highest party and government organs. Indeed, good performance by the construction industry significantly influences the course of all sectors of the entire national economy in addition to worker satisfaction.

The recent development and results in the economics of the construction industry call to our attention that the entire range of tasks set by the congress are not being fulfilled, nor is the requisite change in attitudes occurring. In other words, there is a long way to go before full satisfaction with its performance. The required change in attitudes--to think and act differently within the construction industry--has so far not been equal to the demands of the time. To think and act in a new way in practice means to increase discipline, efficiency, to make use of research and development findings, to consistently implement order and discipline in rationalizing the preproduction and production process, thereby speeding up the transition from an extensive to an intensive type of construction.

In view of this situation, the CPCZ Central Committee Presidium carried out a critical analysis of the preceding period and the fulfillment of the tasks of the 16th CPCZ Congress, an analysis which was approved on 11 June 1982 and entitled "Position Paper on the Situation in Construction and Its Urgent Tasks in Seventy 5-Year Plan Fulfillment."

This document is further evidence of the systematic attention and concern of our highest party organs for construction--one of the critical components of capital investment. The Position Paper of the CPCZ Central Committee Presidium and the tasks which follow from it must, therefore, be understood as a basic directive for all communists working in construction. There are special tasks for communists who hold managerial functions. They have the responsibility for creating the conditions for the unconditional fulfillment of qualitative and quantitative tasks for 1982. In addition to increasing the performance of the construction industry, they are to assure its dynamic development in subsequent years of the Seventh 5-Year Plan. The CPCZ Central Committee Presidium Position Paper can be most effective only if it is applied concretely and with personal accountability in all economic organs and construction organizations of the CSSR, and if an effective monitoring mechanism is established.

Binding Tasks of State Plan Are Center of Attention

The CPCZ Central Committee Presidium Position Paper was approved when we faced a situation in construction in which there were 349 turnkey projects monitored as binding tasks of the state plan (ZUSP), and a backlog of construction projects equal to 2.6 years. Of the 104 projects which were

to be completed this year, 24 are threatened due to a lack of construction preparation, 6 of these in the SSR. This situation indicates that local interests continue to take precedence over public interests in capital investment. This means that construction contractors are still giving in to the pressures of local functionaries, who generally acknowledge the need to limit the beginning of construction projects, but in reality give priority to "their own projects" over ZUSP investments. On the other hand, some construction firms give priority to so-called "advantageous projects." This shows that the inertial and habits of the old type of economic thinking have still not been overcome. However, today when certain managerial employees persist in their old customs, this means that they do not wish or are unable to comprehend what is new in economics and are sticking to extensive development. In this they are damaging public interest and serving as a brake on their fulfillment.

For this reason, all participants in the investment process (investors, designers, contractors for technical components), and particularly in the MSv CSR and MSv SSR, must devote their efforts primarily to the timely and quality operational startup of facilities for the fuel and energy base, metallurgy, heavy, general and energy industry machine building, and in agriculture. But this means that engineering, industrial and surface construction enterprises must plan in advance and organizationally implement many thousands of complicated shifts of selected, self-contained, highly qualified collectives of workers, technicians and engineers to the construction projects related to these investments.

Attention must be devoted not only to professional, but also political preparation for these transfers of collectives of builders to binding state plan tasks. In the interest of stabilizing the work force at these projects and to assure their timely operational startup, it is necessary to explain to people in time the public importance of their future workplace and explain to them how, with this move, they will be contributing to our future economic growth. Therefore these transfers of personnel must receive the constant attention of all communists, especially those in enterprise management, and of professional and youth organizations under the constant attention and leadership of all factory committees and CPCZ basic organizations, as is being done in the following national enterprises; Olomouc Transportation Construction, Bratislava Hydrostav, Brno Industrial Construction, Zilina Vahostav, and certain others.

The CPCZ Central Committee is attaching particular emphasis to the fulfillment of the nuclear power plant construction program. The builders at the nuclear power plants at Jaslovske Bohunice and at Dukovany face particularly demanding tasks. The task of the Engineering Construction VHIJ of Bratislava and Industrial Construction in Brno is to assure construction preparedness in such a way that over the next year the government deadlines can be fulfilled for the startup of three nuclear unit complexes with an overall output of 1,320 megawatts. Assembly of the technical equipment for the constructed facilities at the Dukovany nuclear power plants will in a short time amount to several times the backlog of construction and technological projects at Jaslovske Bohunice. This is an exceptionally

difficult task for our contractors and technical equipment assemblers. The achievement of good results will depend above all on comradely cooperation between the investor, the designer, and the contractors for construction and technical components. The culminating phases in the realization of such demanding construction projects do not permit work to be done by the technique of finding mistakes "by the other fellow." The basis of a successful approach must be the material and qualitative fulfillment of tasks within established deadlines, and on the basis of the principal construction documentation. The difficult role of senior administrative liaison must continue to be filled by the central investor, The Federal Ministry of Fuel and Power (FMPE). Communists, above all, under the efficient coordination of all-construction-site party committees, must take the lead in overcoming difficulties in the fulfillment of the construction plan, and for high work quality.

At present, it is mainly the builders who will decide whether or not government deadlines will be met at both construction projects. The lack of fulfillment of material objectives requires the transfer of additional specialized construction equipment. The public interest demands that work proceed on the delayed aspects of construction, according to need, on two and three shifts, on Saturdays and Sundays. This is an urgent requirement for the successful progress of construction. Only the timely startup of three nuclear units can reduce the pressure on the North Bohemian Brown Coal Basin and assure a smooth supply of electricity to the CSSR. The builders must resolve this before the end of the year.

Investor preparation for the construction of nuclear power plants in Mochovce, which will have a capacity of 4 times 440 megawatts, is of no lesser significance for the smooth progress of construction. Here it is necessary that the central investor, the FMPE, provide for a smoother completion schedule and submission of construction designs for an additional nuclear power plant at Temelin, where more intensive cooperation is necessary between the central investor and the pertinent organs of the South Bohemian Kraj.

The preconditions for the fulfillment of this year's plan targets exist at the construction of the water works system on the Danube, at projects for the Federal Ministry of Metallurgy and Heavy Engineering, the Federal Ministry of the Electrotechnical Industry, as well as at the capital investment projects of the construction industry itself.

Comprehensive Apartment Construction

The 1982 state plan provides for the construction of 101,200 apartment units within the framework of comprehensive apartment construction. Of these, however, 62,200 are to be built by the contractor method of construction. The construction of 32,000 apartments has been assigned to the MSv CSR, and of 27,200 to the MSv SSR. For this year it is critical that both sectors deliver 7,244 new apartments in North Bohemia, 5,491 in Prague, and 4,221 in Bratislava.

In subsequent years of the Seventh 5-Year Plan, builders will focus on more intensive construction of apartments in the population centers of North Moravian Kraj and in the vicinity of the lignite and coal mines in Prievidze area.

In conjunction with apartment completions, it is necessary to orient ourselves more toward a speeding up of the construction of those public facilities and utilities on which depends the usability of the apartments and, primarily, resident satisfaction. Now is also the time, along with the completion of apartments and structures for public facilities and utilities, that builders receive some economic incentives to undertake and complete landscaping modifications at housing complexes. Current conditions make it possible for them to deliver completely finished landscaping. In this too, lies a contribution to resident satisfaction and improved surroundings.

Current Situation in Construction Production Task Fulfillment

In value of basic construction production (ZSV), CSSR construction organizations fulfilled their plan for the January to September period by 99.8 percent, and their plan for adjusted value added (UVV) for this same period by 99 percent. On an annualized basis for this period, the MSv CSR fulfilled 75.6 percent of its plan objective, and the MSv SSR 73 percent. The MSv SSR lags behind in plan fulfillment for UVV for the same period, having fulfilled only 68.2 percent of its annual objective.

Other construction organizations show an unfavorable situation in a continually increasing failure to fulfill the plan for local construction. District construction firm (OSP) tasks are not being fulfilled in a single kraj of the CSSR.

New Assignments for District Construction Firms

There must be a more decisive and purposeful overcoming of the inertia of the old, extensive method of economic development and organization of local construction work, which has led to the failure to fulfill the plan for the first three quarters of this year.

OSPs, which are managed by national committees, have an important place in the national economy in terms of number of employees, volume of work they carry out and their social mission.

As a component of the construction industry, the OSP are not directly involved in the most prominent construction projects of the national economy, but can make significant contributions with their assets to the full completion of these projects. In terms of their original mission, they are supposed to be concerned primarily with the maintenance of the apartment and housing stock, with modernization and reconstruction work. The range and content of OSP work represents the kind of construction work which significantly influences the satisfaction of the general population.

In recent years, OSP have drifted from their original mission. For this reason the 16th CPCZ Congress decreed that the OSP substantially curtail the construction of new buildings and return to their original mission. The OSP themselves will not be able to master such a rigorous structural change. It is necessary, therefore, that the branch construction ministries of the CSR and the SSR, which are entrusted with and outfitted in terms of qualifications for the methodological administration of the OSP, provide efficient assistance to local construction. This is primarily a question of assistance in the areas of price, wage and technical policies in management methodology, of professional training for those trades in short supply, in the procurement of machinery and its general maintenance.

Such assistance from the MSv CSR and MSv SSR in no way, however, releases the national committees from their responsibility for the fulfillment of the OSP plan. On the contrary, after the Sixth Plenum of the CPCZ Central Committee in April 1982, the responsibility of the national committees for the work of the local construction industry has increased. This must be particularly emphasized because plan fulfillment of OSP plans for this year has been very low and unfavorable. Over the first 9 months of this year, OSP fell Kcs 184 million short of fulfilling their target for the basic construction production indicator, and Kcs 506 million short of fulfilling the adjusted value-added indicator.

Nor can the MSv CSR and MSv SSR be indifferent to the unfavorable fulfillment of the OSP plans. Bear in mind that local construction currently represents 133 firms in the CSSR (85 of which are in the CSR) with almost 110,500 employees, 74,700 of which are in the CSR. This year's planned financial volume for OSP represents Kcs 13.786 billion (8.902 billion in the CSR). Therefore, the construction ministries of the CSR and SSR must, in their own interest, do as much as possible not only within their own VHI and enterprises, but also to increase OSP efficiency, so as to effectively support this potential and specific construction capacity. In practice, this means a qualitative increase in the entire content of methodological management at the level of requirements for the effective application of an improved management system at OSP.

To Increase Construction Efficiency

The top priority of, and most important factor in an increase in the efficiency of construction production is human labor.

Criticism of inadequacies in the level of construction efficiency directed primarily at production workers has been overshadowed by present requirements. This criticism is usually motivated by the fact that part of the capital investment cycle is realized before the eyes of the general public.

However, the roots of the low efficiency of construction production lie today in inadequate construction preparation. Greater technical and organizational sophistication in preconstruction and construction

preparation are essential if builders are to make a successful transition to an intensive type of development. These stages must become efficient mechanisms for an increase in this efficiency. It is basically a question of the ability, with the aid of modern techniques, to carry out an analysis of every prepared construction project, assess its difficulty and prepare an organizational plan for the project which will make possible a smooth workflow, the most rational utilization of machinery, materials and people. This however means that this increase in the sophistication of preconstruction and construction preparation must be pursued much more actively than to date by the entire construction research and development [R&D] base, in conjunction with technicians, designers and managerial employees at all levels of construction management. It is also necessary, however, that this preparation cover the entire range of enterprise activities, assuring them in a balanced manner.

The MSv CSR, MSv SSR and the OSP are served in this attempt to increase the efficiency of technical development by 15 R&D institutes employing 4,562 people (2,864 in the CSR), and 3 design organizations with 1,557 employees (967 in the CSR). Their work must be directed toward developing more effective technologies and construction designs, more progressive forms of construction organization and construction work management, better utilization of critical mechanical assets, and a more substantial orientation toward project completions. Special attention must be devoted to a rationalization program. This, however, has not yet been thoroughly worked out, even in the actualized plan for a unified technical policy in construction. The content of this plan does not yet fully correspond to the new economic conditions and requirements which are becoming critical in the 1981-1985 period for successful capital investment. In its application at the VHJ level, it is desirable to draw to a greater extent on the results of construction R&D within the CEMA.

On the other hand, it is necessary to evaluate the work of the R&D base for the construction industry, which has had a number of successes. These unique advances include the development of new bridge construction techniques, the implementation of new technical heat standards, a new generation of kitchen and plumbing units for apartments, a set of measures to conserve steel and propellants, the use of dry plaster mixtures, small floor covering systems with cellular concrete or ceramic coverings, and other breakthroughs. The times also demand that when initiating each new construction project the numerous members of the R&D base be more clearly oriented toward high-quality preparation for it, and toward acceleration of the final stages of each project.

The R&D institutes have a special role in the area of the rationalization program. This concerns the achievement of technological breakthroughs which could make possible savings in the remaining years of the Seventh 5-Year Plan in the MSv CSR and MSv SSR, in comparison with the 1982 plan, of 195,000 tons of heavy fuel oil and 51,000 tons of light fuel oil. For 1983, savings are projected of 30,000 tons of brown coal, along with substantial savings of diesel fuel, ferrous and nonferrous metals.

It is necessary for all construction sectors to verify the current condition of R&D work and to exert substantial influence on a shortening of the research-production-use cycle. The measures that construction sectors have so far carried out to change the orientation of the R&D base have been unsatisfactory.

In addition to the completion of projects, the economic efficiency of construction output is critical. It is necessary, therefore, to remind managerial employees in the construction industry that in implementing an improved management system it is also important to implement the principle that the magnitude of adjusted values added correspond to the unit of wages paid. This means that the compensation of production employees must be supported by technically justified, progressive production, as well as by material calculations. The basic form of compensation is to become an agreed upon task wage or a brigade form of compensation. Experience has also confirmed that the introduction of the Zlobin method is of critical significance for increasing efficiency, improving management and more effectively educating collectives.

The consistent implementation of such principles is the only guarantee that wages will be an expression of just compensation to employees for work actually performed and not for their mere presence at the work process. The attitude toward work and toward the results of work is the basis for the evaluation of every one of us. Equality of compensation reduces labor efficiency, weakens initiative and is foreign and inimical and, therefore, unacceptable to socialism.

It is not only among the opportunities, but also among the responsibilities of our managerial employees, economists and technicians that compensation for work be rigidly differentiated according to socialist principles of compensation. By adhering to this principle, managerial employees also demonstrate their political maturity. A component of compensation must also be the determination of properly attractive economic incentives at those construction projects whose completion have a high priority. Special incentives must also be established to motivate workers to reduce the consumption of materials, raw materials, energy, fuels, etc.

The implementation of the Set of Measures is a precondition for the ability of the construction industry to overcome at a more rapid pace the inertia and habits of old types of economic thinking. This is a matter of basin an increase in the efficiency of the construction industry on an increase in the efficiency of preconstruction preparation, rationalization, and high economic and ethical efficiency in compensation.

Difficult work must be undertaken to overcome the inertia of old attitudes and to increase construction efficiency so as to make better use of the summer period. In this regard, the 16th CPCZ Congress emphasized the necessity of "increasing construction efficiency in the summer months and creating the conditions for efficient work during the winter." (Sixteenth CPCZ Congress, Prague, Svoboda, 1981. p 391) This measure came about

because of the failure to fulfill planned tasks for several consecutive years, including 1981. For construction output the summer is the peak season and the period of maximum production opportunities. This must also be reflected in the breakdown of the annual plan for construction organizations by quarter, so that by the end of the third quarter at least 75 percent of the planned annual value of production has been completed. It is particularly necessary to make use of the period from April through October. Because of climatic conditions and lower energy intensiveness, it is possible during these months to achieve high percentages (on the order of 9 percent monthly) of the annual task. At the same time, it is possible to utilize more effectively the worktime fund and wage incentives. The more effective utilization of the summer months cannot be the concern of workers alone, because only the direct management of summer activity by senior managerial employees at all management levels can lead to the desired national economic results. The utilization of the summer months create the optimal conditions for winter work. Therefore, all construction organizations must have worked out plans for winter contingencies well in advance with both investors and technical equipment contractors. This requires the thorough planning of winter work so that the greatest possible number of projects will be enclosed, thereby reducing the uneconomical waste of energy. This also makes possible the concentration of work efforts and the efficient utilization of working time in multiple shifts.

A recognition of the need to achieve maximum performance during the summer and the regulation of vacation time for essential employees and this implies should be reflected as early as 1983 in the collective agreements of construction organizations. In this regard, it is essential that central ROH organs, in conjunction with senior officials of the MSv CSR, MSv SSR, and the national committees which manage the OSP, prepare, advertise and organize attractive winter vacations for individuals and the entire families of employees.

One very effective technique for the successful fulfillment of tasks contained in the CPCZ Central Committee Presidium Position Paper is the systematic development of worker initiative and of socialist competition. Socialist society, liberated from exploitation and unemployment, strives for the welfare of all workers. In this society, worker initiative is an important principle stemming from an awareness of liberated work. The importance of initiative must not be lessened by superficial and formalistic paper results and "paper production," sometimes embellished by statistics. Therefore, senior management along with union organs must not allow the healthy and noble ideals of competition to be underestimated. This competition must reflect a high degree of principlemindedness and purposefulness oriented primarily to the performance of quality work at priority construction projects, the conservation of raw materials, materials and energy, and the improvers and inventor movements.

An additional significant mechanism for increasing work initiative is the counterplanning technique in conjunction with plan preparation for the upcoming year. Counterplanning is a path to the utilization of initiative,

the mobilization of abilities, and the use of the experiences and suggestions of employees. It is possible in this way to uncover unutilized internal capacity and through this to exceed the qualitative and quantitative targets of the 5-year plan--particularly in the rationalization program, the completion of construction projects and a reduction in noncompleted projects.

Greater Demands on Party Organization Work

In increasing construction efficiency, a requirement comes to the fore of higher demands on the politic-professional sophistication of cadres and increased quality of their work. This requirement is multiplied by the necessity of implementing difficult structural changes in construction. Analyses carried out in recent years by the MSv CSR and MSv SSR have confirmed the urgency of a further increase in the politic-professional preparation of managerial employees at all levels of management. In addition to this, there is the matter of the proper assignment of cadres to decisionmaking functions.

Under the conditions of a transition to an intensive mode for our economy, it is not sufficient to devote attention solely to personnel in the most responsible functions. Intensive economic development also demands that in other functions, where a high school technical education is a prerequisite for employment, cadres be fully qualified. This requires even more intensive political education, the gaining of experience from organizational and managerial work, and a knowledge of economics adequate for the effective implementation of an improved system.

Demands on personnel work will be further increased by the need to arrange for the replacement of a relatively high percentage (30 percent) of managerial employees who will reach retirement age by 1985. Qualifications assume an even greater urgency for local construction organizations. The task of party organs in the area of personnel work is to demand the quality and planned filling of positions with people meeting the required political and professional qualifications for carrying out the necessary duties. In personnel reserve plans, it must be required that at least two alternative resumes be on file for each position.

Cadre and personnel departments at VHI and enterprises must now prepare to handle about twice the number college graduates next year. It is essential to formulate a concrete overview of available positions and their location. The greatest demand for college graduates in construction is in the North Bohemian Kraj. This is the center of the greatest volume of capital investment, but it is inadequately staffed with qualified people.

To improve the structure and utilization of the work force, it will be necessary to achieve, in accordance with the plan, the stabilization of production workers in the main occupations and strengthen selected blue-collar professions by reducing the percentage of white-collar employees and those in other functions. This is also a matter of training some workers

in another profession. Specifically, it is projected that between 1982-1985, the MSv CSR and MSv SSR will retrain 6,300 masons, 2,880 carpenters, 4,450 welders, 2,500 reinforced concrete placers and 300 brickmakers.

The 16th CPCZ Congress announced the requirement of increasing construction work as a percentage of work on foreign turnkey projects. This means that it is yet another task of cadre and personnel departments of the construction sector to prepare before 1985 more than 700 experts (engineers, technicians, design engineers, designers and tradesmen), with a priority on foreign-language knowledge.

The implementation of these demanding tasks in the way required by the 16th CPCZ Congress and the CPCZ Central Committee Presidium Position Paper demands that party organs and organizations take the lead in efforts to fulfill them. For this reason, all party organs from kraj committees right down to basic party organizations must have the CPCZ Central Committee Presidium Position Paper broken down for their specific conditions. Lower party organs must devote exceptional attention to construction projects of societywide importance and to local construction firms. This is primarily a question of an increase in the quality of the work of basic party organizations and all-construction-site committees. This will be possible at the annual member meetings of CPCZ basic organizations, at all-plenary meetings and at party conferences in 1983. These must motivate the entire member base and concretely formulate all objectives throughout the entire party base in the construction industry.

Special attention must be devoted to increasing the numbers and political sophistication of the party base in the construction industry. There is an interest in CPCZ membership in the ranks of builders. This is evident from the fact that the percentage of those organized has increased from 9 percent in 1976 to 12.10 percent in 1980. Constant attention must also be paid to candidates for party membership. A selection must be carried out of the best workers, and the level of organization increased among foremen and project managers, who directly influence increased construction efficiency. They must be integrated to a greater degree into party organization work.

The practical application of R&D findings in construction demands that party organizations and organs intensify their work with the technical intelligentsia. This is primarily a matter of increasing the personal participation of creative employees in the technical aspects of speeding up the completion of construction projects, reducing the level of noncompleted projects, and reducing the consumption of energy, materials, raw materials and labor.

An increase in construction efficiency depends very much on how well primarily communists who occupy positions in the management of VHL, enterprises and factories systematically prepare the technical, material and organizational conditions for a smooth workflow, an increase in its productivity and effectiveness.

Communists in the ROH must, in cooperation with senior management purposefully organize the development of work initiative and socialist competition for workers and orient them to the top priority fulfillment of the critical material tasks of the ZUSP. Among their responsibilities is to influence actively the development of innovative, progressive techniques, mainly the Zlobin brigade forms of khozraschet, the improver and inventor movements. They must, therefore, support the satisfaction of the social, material and cultural needs of workers, implement a socialist principle of compensation and, primarily, become involved in attaining high quality and efficiency of work that is performed.

An exceptional task, here as in other sectors, falls to communists in construction, namely that of increasing the ideological sophistication of workers at a time of an exceptionally sharpened struggle between capitalism and socialism. This is mainly a matter of increasing the role of every communist in raising the consciousness of his fellow employees. It is important to cultivate and to strengthen, especially among the younger generation, a firm basic world view, a clear class orientation, and sensibilities in the spirit of socialist patriotism and proletarian internationalism. At the same time, an ongoing battle must be waged against revisionism, opportunism, anticommunism and nationalism. This battle must be linked to efforts toward good economic performance. Just as in other professions, it is necessary to cultivate justified pride in the building profession and in honest work. Construction employees must be led by personal example in the strengthening of work discipline, the full utilization of working hours, the struggle against lackadaisical behavior, indifference, against vandalism and the theft of property in socialist ownership. Inspection activity must also be focused here. The more rigid enforcement of the right to inspection during the implementation of critical tasks, an increase in efficiency, quality and effectiveness throughout construction is one of the basic requirements for the fulfillment of the strategy of the 16th CPCZ Congress and the CPCZ Central Committee Position Paper of 11 June 1982.

All efforts of party, professional and youth organs and organizations must be directed to the unconditional fulfillment of the material and volume targets in construction organizations for 1982, to the quality preparation of a proposed implementational plan for 1983, and to the achievement of a turnaround in the fulfillment of tasks in construction on the basis of requirements stemming from the resolution of the 16th CPCZ Congress.

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STATE BANK WARNS SSR ENTERPRISES OF FALLING LIQUIDITY

Prague HOSPODARSKE NOVINY in Czech 22 Oct 82 p 5

[Article by Eng Stefan Zubak, Czechoslovak State Bank (SBCS), SSR Central Institute in Bratislava: "Bank Controls and Warns--Liquidity of SSR Enterprises Falling"]

[Text] The SBCS promptly reports unpaid obligations of enterprises which it was unable to transact because of insufficient funds on the bank accounts of the enterprises. Naturally, at the same time it continuously follows how the enterprises draw and lose credits, particularly how many of their credits they failed to pay on schedule and for what reasons they applied for credit assistance or are drawing from it (credit for debts outstanding after the deadline for payment, credits for payments, credits for wages and interim credits). According to those reports of the SBCS, SSR enterprises have been facing increasing difficulties with payments year after year. However, this year's increase has been especially steep and, therefore, it demands attention and, of course, also careful solution.

Over the first 8 months of this year the orders for payment of SSR enterprises withheld by the SBCS because of insufficient funds in the bank have risen Kcs 2.4 billion, and overdue credits by Kcs 1.1 billion. Credit assistance was reduced Kcs 161 million (its increase over 6 months was Kcs 0.5 billion), but it still is high, having reached Kcs 4 billion at the end of August. According to the records of the SBCS, the problems with payments both in the operational and investment areas in the SSR reached a total of Kcs 12.4 billion as of 31 August 1982, of which overdue obligations of enterprises amounted to Kcs 7 billion, overdue credits to Kcs 1.4 billion, and credit assistance to Kcs 4 billion.

Development of Liquidity Problems in SSR Enterprises
(in Kcs billion as of 31 August)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Credit assistance	1.7	2.0	2.8	1.8	4.0
Overdue credits	0.5	0.5	1.0	1.0	1.3
Obligations not paid on schedule (according to SBCS records)	0.0	1.0	1.7	2.7	6.6
Total encumbrances	3.1	3.5	5.5	5.5	11.9

That amount is not negligible; it certainly deserves attention. It is even larger if we also consider orders for payment that were not submitted to the bank even though the obligations were due.

Who Is in the Worst Situation?

Most of the enterprises' problems with payment have been constantly focused on the sphere of operations where numerous economic shortcomings still exist. Toward the end of August 1982 this sphere shared 95.6 percent of the problems with payments of the SSR enterprises. For that reason, in this contribution I shall concentrate on the sphere of operations, although the investment area is also not free of problems.

Problems with payments in the sphere of operations show a continuous rising tendency. Over the past 5 years they increased from Kcs 3.1 billion to nearly Kcs 12 billion; for example, in relation to operational credits they represented 13.9 percent as of 31 August 1982. In recent years they had been rising slowly but this year they increased rapidly, as shown in the table.

As compared with the situation of 31 August 1982, the withheld orders for payment and credit assistance have shown a very steep rise due to several unfavorable trends in the economy at the beginning of this year; for that reason, the SBCS also introduced more rigorous credit procedures.

It is generally known that problems with payment are basically a result of nonfulfillment or irregular fulfillment of planned tasks, stemming occasionally from problems outside the enterprise, and furthermore, from continuous inferiority of goods, delayed reaction to changing demands and related problems in sales as well as from consequent problems with unplanned stockpiling and structure of supplies.

Understandably, other shortcomings in enforcing efficiency in the process of reproduction as well as problems in supplier-consumer relations affect the financial situation of our enterprises. Of course, problems with payments also develop from secondary causes even in enterprises that fulfilled their planned tasks, as, for example, when consumers fail to promptly meet their obligations to those enterprises. Nevertheless, such cases are easier to resolve with credit if their operation has been running smoothly. Most such cases are covered by a substantial share of credit assistance, amounting to Kcs 4 billion as of 31 August 1982.

Although the group of enterprises having problems with payment is quite large, the main bearers of such problems are certain ministries. For example, three ministries shared almost 90 percent of the problems with payment in operations in late August 1982. Problems with payment differ also within the ministries and VHI [economic production units].

As mentioned above, the SBCS restricted credits this year, however, it focused pressure on organizations whose financial management is considerably inefficient, which systematically fail to meet the stipulated criteria for

efficient use of credits and which frequently, or even continuously, apply credit assistance and obligations to their suppliers to finance their payments.

Stricter Measures by the Bank

Financial considerations have forced the bank to deny credits for nonessential demands. Thus, the bank expects to generate more pressure so as to eliminate the shortcomings in enterprises, which should use their untapped assets and fulfill their planned tasks regularly. Wherever the situation requires, the bank also involves the superior authorities in the solution of problems. For instance, over the first 6 months of 1982, it demanded guarantees from those organs for credits granted to 50 organizations, as compared with 13 organizations during the same period of 1981. More restrictive measures in the sphere of operations are particularly focused on deviations from the planned development of supplies, which is reflected also in the volume of denied credits.

For example, in the first 6 months of 1982 the SBCS refused credits to SSR enterprises for supplies in the amount of Kcs 1.1 billion as compared with only Kcs 0.6 billion during the same period of 1981. In addition, it excluded from credit working capital up to Kcs 3 billion against only Kcs 0.4 billion last year. Absolute credit limits have been applied much more frequently and other credit and interest procedures have also been tightened. The bank launched these stricter measures especially because of the above-mentioned unfulfilled objectives in utilization of supplies. Instead of the planned accelerated turnover of supplies, the turnover of supplies slowed down over the first 7 months of this year, which is contrary to the objectives of the state plan for the development of the national economy, the state budget and the above-mentioned plan. Thus the supplies inexpediently immobilized that part of our national income which should be used for other urgent needs. For that reason the bank increasingly concentrated its banking and financial policies on this particular area. However, because the problem of supplies is not isolated but rather narrowly connected with the whole process of reproduction, the development of supplies cannot be reversed merely if the bank imposed more restrictions on credits, but rather by concerned efforts of all appropriate authorities as well as by all necessary measures pertaining to their management and financing methods.

Financial difficulties of some enterprises also stem to a considerable extent from the fact that consumers fail to pay those enterprises promptly for the deliveries of services rendered because the conditions of quality have not been met; it is only natural that such claims are financially unsound for grants of credit. Of course, there are many reasons to deny credit.

In many instances, while refusing credits, the bank granted enterprises credit assistance in the amount of Kcs 4 billion, as mentioned above, which is substantially more than in the same period of 1981 (Kcs 1.8 billion

last year). Nevertheless, the bank would not grant this assistance automatically but rather to help enterprises cope with their financial problems and to prevent a chain reaction affecting one enterprise after another. Thus, in addition to the above-mentioned credit assistance it granted also consolidated credits amounting to Kcs 479 million as of 31 August 1982; furthermore, it helped organizations overcome shortages of resources in the amount of Kcs 208 million which had developed as a result of unfavorable weather conditions, etc.

In an effort to mobilize untapped assets in the enterprise sphere as well as to prevent credit assistance from being drawn instead of special-purpose credit, temporary credit restrictions in 1982 limit the drawing of credit assistance to those instances where assistance is needed to help counter the secondary causes of liquidity problems and to wage credits. Credits cannot cover shortcomings that might impede the fulfillment of the financial plan.

Nevertheless, in the effort to protect well-run organizations which bear no blame for their liquidity problems, the bank grants relatively liberal credit assistance and does not refuse even to extend it in justified cases.

Supporting All that Is Progressive

Since only limited imported resources are available, and since the production of our domestic resources has been cut, the access to finances must be restricted accordingly. This is absolutely imperative for the restoration of our economic and financial balance. Despite the restrictions of credit policies, the dynamic banking and financial program of the SBCS supports all progressive undertakings. The credit fund in 1982 gives priority and support to efficient production capable of competing in international markets and favors investments accelerating comprehensive modernization programs, demonstrably contributing to the balance of payments and promoting conservation of fuels and power. As in the past, it again grants credits for advance, preseason deliveries of fuels and advantageous imports under favorable foreign-exchange conditions. Moreover, the bank grants credits for expansion of the line of goods for our domestic market, including deliveries of production in short supply, etc.

Because, apart from their redistribution function, socialist credits are the main device by which the socialist banking system controls the mobility of financial funds, i.e., the volume of currency in circulation, credits have direct financial effects. For that reason they must be granted judiciously, in compliance with financial criteria and within the limits set by those criteria.

The bank analyzes the causes of liquidity problems of the enterprises in relation to the achievements of the management; on the basis of the data thus gained it enforces differentiated and individualized credit policies and in justified cases it grants credit assistance; however, the crux of liquidity problems is to be sought primarily in a proportional and efficient development of our economy. According to the extent to which this tendency is enforced, not only liquidity but also the satisfaction of the material needs of our national economy will improve.

TU REPORT ON ROLE IN 1983 ECONOMIC AND SOCIAL DEVELOPMENT PLAN PUBLISHED

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[Report of the Central Council of Trade Unions Presidium at the third plenary session of the Central Council of Trade Unions, on 9 December 1982, presented by Vladimír Marík, secretary of the Central Council of Trade Unions]

[Text] At the third plenary session of the Central Council of Trade Unions we are evaluating the contribution that the trade-union organizations and organs have made to the economic development of our country. Profiting from new experience, we are seeking to participate even more effectively in the fulfillment of the plan of economic and social development, as this has been outlined specifically for 1983 by the 7th session of the CPCZ Central Committee, in agreement with the conclusions of the 16th CPCZ Congress. Herein lies the basic orientation, as characterized by the general secretary, Comrade Gustav Husák, at the mentioned session of the CPZS Central Committee: "The 16th CPCZ Congress has set the basic objective of maintaining the high living standard of our people, and of ensuring the economy's further development on the basis of intensification, higher efficiency, better quality, and intensification of cooperation with the Soviet Union and the other countries of the socialist community."

In comparison with the situation on an international scale, our blue-collar and other workers are becoming even more convinced of this basic truth, and increasingly aware that the policy of our party is sound and realistic, and that the ensuring of this policy is the only alternative for our society's further development. In the spirit of the resolutions adopted by the 10th Congress of Trade Unions, the trade-union organizations and their broad aktiv of trade-union officials are exerting effort to support our economy, in full awareness of the fact that primarily the trade unions as the largest representative organizations of the working class "bear the main coresponsibility for the construction of socialism," as Comrade Gottwald had pointed out. If this was true in the past, then it is twice as valid at the present time.

We are evaluating objectively the state of the economy and the principal trends of the 1983 plan, carefully taking into consideration the external effects and also our domestic economic complexity. We are not concealing the problems and shortcomings. The important thing is that we are not solving them in the way it

is done under capitalism: by denying people a basic human right, the right to employment. Our way -- through greater effectiveness, mobilization of reserves, practical application of the advances in science and technology, and through the inexhaustible source of the workers' initiative. Our support is the intensification of economic cooperation and integration with the Soviet Union, the 60th anniversary of whose foundation is being commemorated by all our people.

From this point of view, what has been said already at the seventh plenary session of the Central Council of Trade Unions and again at the 10th Congress of Trade Unions becomes even more obvious: that both basic requirements--i.e., greater exactingness in the economy and the perfection of planned management--enhance the role and mission of the trade unions, demanding of them a qualitatively new and more active approach to solving the problems of the economy and of socialist democracy's development.

For Plan Fulfillment Through Socialist Competition and Worker Participation in Management

In evaluating the results achieved in fulfilling the planned tasks in 1982, we find that the trade-union organizations have contributed significantly toward the gradual improvement of effectiveness in a number of branches, economic production units and plants. Economization and effectiveness are reflected this year in lower costs of materials and total costs, and in the partial increase of the rate and amount of profit. Thanks to the support of the working collectives, the process is asserting itself of gradually adjusting the economy to the new and more complex conditions.

However, certain negative trends persist in the fulfillment of the 1982 plan. A number of economic production units and enterprises are not meeting their obligations, the production structure is not always in agreement with the output's use, fixed assets are not being utilized adequately, and the social productivity of labor lags behind its anticipated rise. Despite the exceptional efforts of the miners in every coal basin, the fuel and power balance remains tight; in the construction industry, even though the volume of unfinished construction has declined, we will be entering the new year with a considerable backlog in capital construction; the housing construction plan will be fulfilled, but not in the vital regions of North Bohemia Kraj and Prague. Even though crop production as a whole has exceeded the average for the 6th Five-Year Plan, the losses in the production of cereals, oilseeds and potatoes still remain sensitive, and they cannot help but affect livestock production as well. The economic organs should not tolerate the constant rise of the inventories of finished products that are difficult to sell on both the foreign and the domestic markets. This wasted several million kilowatt-hours of electricity in 1982, and several hundred million korunas was paid out in wages and salaries for this frozen output. And, most importantly, this frozen output often incorporates imported raw materials and supplies. Many branches of production, especially within engineering, are not fulfilling their export tasks to nonsocialist countries; this is not always due to discriminative measures, but to a lack of innovation and of flexibility in adapting to the demand on foreign markets.

All the mentioned shortcomings have an unfavorable effect on supplying the domestic market in terms of volume and assortment. The causes of certain other problems on the domestic market stem from insufficient adaptability and a lack of cooperation between production and domestic trade.

The experience of the trade unions in political and organizing work among the masses since the 10th Congress of Trade Unions has again confirmed that the initiative of the masses is a transforming material force and an inexhaustible source that must be taken into consideration. A prerequisite, of course, is that the economic and trade-union organs create the necessary conditions, properly stimulate and direct socialist competition, appreciate and single out the proven examples and the pioneering and innovative methods, and that in support of all this they develop more effectively economic propaganda and agitation.

A significant contribution is the honest fulfillment of the pledges made to commemorate the 10th Congress of Trade Unions, the 65th anniversary of the Great October Socialist Revolution, and the 60th anniversary of the Soviet Union's formation. The miners' brigade of socialist labor, under Comrade Puhalla, at the Slovak Magnesite Works in Lubenik--the initiator of the "Ten Specific Actions" movement--fulfilled all its pledges and, in October of this year, also broke the enterprise record. A drive to achieve record outputs is developing in all mining basins. In the Ostrava-Karvina Basin alone, for example, 88 brigades of socialist labor and other collectives surpassed their best results in coal winning, and 161 output limits within the concern were fulfilled.

Within the "Ten Specific Actions" movement, maintenance workers of the East Slovakia Iron Works in Kosice shortened the time required for routine repairs on the main metallurgical units. In the textile and leather industries, a drive is developing to pledge fulfillment of the production plan ahead of schedule and to reduce production costs under the five-year plan. Workers of the Botana National Enterprise in Skutec have pledged to reduce the consumption of raw materials and supplies by 10 percent a year in comparison with the planned savings, through the end of the 7th Five-Year Plan.

Under the leadership of the party organs, and with the participation of the trade-union organizations and economic managers, a drive "To Produce an Additional One Day's Output From the Saved Materials and Energy" is developing in North Moravia, Central Bohemia and West Slovakia Krajs. In Leopoldov, SONP [United Steel Works National Enterprise] of Kladno is producing 50 million korunas' worth of product from saved material, which is the equivalent of two days' output. In Central Bohemia Kraj, 61 plants have joined the drive. To mark the 60th anniversary of the Soviet Union's formation, workers of the First Brno Engineering Works have pledged to ship 14 million korunas' worth of orders to the Soviet Union in excess of the plan.

At Tesla in Litovel, the brigades of socialist labor performed 45 extra shock-worker shifts and helped to accelerate the introduction of the production of a new, sophisticated high-technology record player.

Progressive forms of work are being employed in various branches; "accounts of savings by engineers," the L'vov system of managing quality, and other innovative methods are being introduced. On state farms, progressive work methods are spreading that are aimed at saving feed grain while maintaining the planned livestock yields.

However, a serious shortcoming is that the leaderships of the central agencies and trade union are satisfied with a few positive and outstanding examples, without undertaking effective measures to spread and generalize them purposefully.

In organizing the workers' initiative there still persist shortcomings that manifest themselves in the prefunctoriness of the pledges made. The trade-union organs are not insistent enough in demanding that top economic managers also specify the directions of the workers' initiative, together with the elaboration of the plan's tasks. Regular evaluation and thorough control of the fulfillment of the pledges are lacking. Often the plant trade-union committee and the managements of the plant and of the enterprise are satisfied with the administrative reporting of the competition, forgetting the educational impact of the workers' initiative. All this indicates that the shortcomings which the 10th Congress of Trade Unions emphatically pointed out still persist in many of our organizations.

The statewide branch conferences of the brigades of socialist labor held recently are not only a mobilizing contribution to the further activity of the pioneering collectives, but also proof that many of the production and economic tasks would not be mastered without the revolutionary activity of the best collectives of the working class, technical intelligentsia and other workers united in the brigades of socialist labor.

The trade-union organizations share the responsibility for creating an environment conducive to the activity of the brigades of socialist labor and their reserve troops, now numbering 3.8 million workers and 75,000 apprentices. The trade-union organs likewise cannot tolerate that economic management often disregards the brigades, except when they are used to work extra shifts and to compensate for the losses stemming from production organization. It is the task of the trade unions to ensure, through their plant and enterprise committees, that all brigades and collectives striving to attain the honorific title of brigade of socialist labor are acquainted with the results of the statewide conferences, and to respond, jointly with the economic management, to the critical comments made at these conferences.

In the process of securing the planned tasks and intensifying socialist democracy, production conferences have a real influence on the management of production and economic activity. If we compare the overall development with last year, we find an increase in the number of production conferences. But there are significant differences between trade unions. In the chemical, construction and wood-working industries and in the local economy, for example, there is a decline in the number of participants attending production conferences during the first half of this year as compared with the same period last year. We cannot reconcile ourselves to the fact that the average number of comments and suggestions per production conference is only 0.72. In practice this means that there was no comment or suggestion at nearly 30 percent of the production conferences.

We see the solution to the present situation in that every production conference will have to be carefully prepared by the foreman and section steward. The timely problems of the work stations will have to be placed on its agenda, and the workers' suggestions and recommendations will have to be considered thoroughly. To increase the influence of the production conferences, a number of enterprises and plants are experimenting with constant production conferences.

We are proceeding from the fact that the party and entire socialist society are relying on the workers' initiative, and especially on the brigades of socialist labor that are and will remain the main guaranty that the tasks of the 7th Five-Year Plan will be fulfilled. Therefore the trade union organs and organizations

will do everything possible to ensure that the working collectives step up their initiative and in the time remaining contribute their utmost to the successful fulfillment of this year's tasks.

Worker Participation in Elaboration and Ensuring of 1983 Plan

The state implementation plan for 1983 aims to strengthen economic equilibrium and to start a faster rate of economic growth, as outlined by the seventh session of the CPCZ Central Committee.

The 1.8-percent rise of the social product's volume represents an increase of roughly 21 billion korunas, but at the same time it requires a reduction of productive consumption, so that the volume of gross national income may increase by 2 percent.

A prerequisite for this is a substantial rise of the social productivity of labor, and also increases of 2.4 percent in gross industrial output, over 2 percent in the output of construction, and 2.7 percent in the farm output. The main objective is to strengthen the growth of personal and social consumption.

The outlined basic trends indicate that also the work of the trade-union movement must be directed toward intensifying all forms of worker participation in the management of production, and cooperation of the trade-union organs with economic management and the state leadership.

We are aware that the drafting of the 1983 national economic plan took place under complex conditions within the ministries and other central agencies, and that it was not easy to implement at the economic production units, enterprises and plants the federal government's directive for the elaboration of the state implementation plan.

Therefore it was the more appropriate that the majority of the trade unions organized the workers' participation in counter planning for 1983, according to the Set of Measures. However, we are dissatisfied because, to the detriment of counter planning, more time was not available for a thorough discussion of the counter proposals with the widest possible circle of workers.

In spite of this, counter planning influenced favorably the plan of the [Federal] Ministry of the Electrotechnical Industry, and of the CSR Ministry of Industry. A number of plants, enterprises and economic production units in the other branches also adopted counter plans, for example the Ogako Economic Production Unit in Partizanske, the HDB [Lignite Mines and Briquet Works] in Sokolov, Tatrasklo, Clothing Factories in Trencin, and the CSSP [Czechoslovak-Soviet Friendship] Chemical Works in Zaluzi.

Within the entire national economy, however, the results of counter planning were less pronounced because the principle was not observed of respecting the specified volume of material and energy inputs, and of financial resources for investment and import. An important lesson is that counter planning did not succeed in concentrating more on the rise of labor productivity and on savings of manpower, whereby it would have been possible to take advantage of the opportunity to raise earnings, on the basis of differentiation. To the contrary, even where it would have been possible to reduce the work force, the economic production units and enterprises are planning an increase, because very often this is more convenient for them.

The Central Council of Trade Unions is of the opinion that the effort exerted by trade-union officials to ensure counter planning does not always meet with the same understanding on the part of certain economic managers who are not consulting the workers. Instead of solving the problems, often the draft of the plan is merely rehashed. In many instances there is even speculation, by introducing additional changes in the plan or releasing reserves before the end of the year, so as to pay bonuses, profit-sharing and premiums, and to have a lower starting base for next year.

Through their lack of understanding, all those who regard counter planning as a stepchild of the planning process, one that disturbs their ingrained and outdated past practices, are frustrating efforts to uncover reserves in the means of production, direct labor and creative initiative.

In conjunction with the discussion of the 1983 state implementation plan's draft, the Secretariat of the Central Council of Trade Unions in its standpoint informed the federal government of its comments and recommendations. These were based on the standpoints of the COR [Czech Council of Trade Unions], SOR [Slovak Council of Trade Unions], UVOS [Central Committee of Trade Unions], CVOS [Czech Committee of Trade Unions] and SVOZ [Slovak Committee of Trade Unions] that were submitted to the government. We are expressing our active support for the state plan, but are fully aware that, jointly with the state and economic organs, we must fight more effectively for restoring the economy's dynamic growth. In the sense of the resolutions adopted by the 10th Congress of Trade Unions, we also recommended that the government instruct the ministries and other central agencies to formulate, jointly with the Central Committee of Trade Unions, the directions for the workers' creative initiative in 1983, and to create the conditions for the timely conclusion of the collective contracts by not later than 15 February 1983, and for their registration in accordance with the principles of the government and of the Central Council of Trade Unions.

We also proposed, and the government ordered, the drafting of measures to pay a special bonus to individuals and collectives who cut fuel and power consumption by 0.5 percent, in accordance with the resolutions of the 10th Congress of Trade Unions.

We emphasized the need to use directly for higher earnings, on the basis of differentiation, the wage resources saved through demonstrable savings of manpower.

For further improving the workers' standard of living, we simultaneously requested that all state and economic organs devote special attention to eliminating the shortcomings in the management of social policy, in the distribution and maintenance of protective equipment for workers, in the quality of commuter service and of the meals supplied by plant cafeterias, especially for the second and third shifts. Furthermore, that thorough control be exercised in the fulfillment of comprehensive housing construction, and in perfecting the activities of domestic trade, of the local economy, and services for the population, in the spirit of the conclusions adopted by the CPCZ Central Committee's sixth session.

The Secretariat of the Central Council of Trade Unions also emphasized that the ensuring of export likewise required greater effort on the part of the economic organs than up to now. At every organization where the proportion of production for export is considerable or the dominant, systematic attention must be devoted

to product quality and innovation; both the production enterprises and foreign-trade enterprises must be more flexible in comparing the export results and the technical and economic parameters of leading foreign products, and in providing better service. Joint socialist pledges, by production and foreign trade, should be organized to this end, and economic and moral incentives should be provided for individuals and collectives. We support the proposed wage measures that contributions to the export results be rewarded by a larger allocation to the wage fund than the present 2-percent limit. On 18 November of this year, a number of the recommendations made by the Secretariat of the Council of Trade Unions were included in the government resolution on organizational measures to ensure the 1983 plan.

According to this resolution, the central organs must prepare a breakdown of the plan not later than 20 December, by their subordinate intermediate organs of management, and these in turn must prepare their breakdowns for their subordinate organizations before the end of this year. The enterprises should know their planned tasks by the end of the year. The trade-union organs support the task that economic management at every level complete by 15 February 1983 the supplier-customer relations.

If with emphasis on the fulfillment of this year's tasks we wish to create conditions for the realization of the 1983 plan, then the transition to the new planning period should be continuous, better balanced and more responsible in terms of providing the organizational and material prerequisites.

On the proposal of the Secretariat of the Central Council of Trade Unions, the government resolution of 18 November 1982 again sets for economic management the task of acquainting the workers with the specifics of the plan, in the course of its breakdown.

It is important that the trade-union plant committees and trade-union organs actively enforce the elaboration of the plan's tasks in a breakdown by intraenterprise units, and not only in terms of the production indicators but also of the economic ones, as a prerequisite for introducing internal profit and loss accounting. They must demand, more persistently than in the past, that the appropriate economic managers acquaint the working collectives not only with the tasks of the enterprise or plant in general, but also with the breakdown of the tasks by collectives and individuals. This is a prerequisite for the workers to know the intentions of the plan, and to strive for its even fulfillment from the beginning of the year. And where desirable, also to seek ways for overfulfilling the plan.

The Presidium of the Central Council of Trade Unions proposes that the plenary session of the Central Council instruct the trade-union organs to ensure:

--That the elaboration of the economic plan for 1983 by the economic management at every enterprise and plant contains a specific breakdown of the tasks by shops, departments, sections, farms and collectives;

--That the workers actively participate in securing and overfulfilling these tasks through their initiative commemorating the 35th anniversary of Victorious February, and that the trade-union organizations support these efforts through organizing work among the masses;

--That fulfillment of the plan and of the socialist pledges is controlled systematically, the collectives and individuals receive proper moral and material rewards, and the proven progressive experience is generalized.

A Strategic Task: To Ensure the Fuel and Power Base and to Use Energy Properly

Development of the fuel and power base, together with the more efficient utilization and rationalization of all types of fuel and power, is a key prerequisite for increasing the economy's efficiency and accelerating its growth, and it will be an even more important long-term strategic requirement. The Central Council of Trade Unions values highly the self-sacrifice and efforts of our miners who have exerted enormous effort to mine the maximum amount of coal, so as to reduce to a minimum the dropout of brown coal due to the course of events this year, and to build up stocks for the power plants, industries and the population. Power-industry workers likewise deserve recognition for completing ahead of schedule the general overhauls of one-third of the power plants' generating units.

The Revolutionary Trade-Union Movement regards worker participation in rationalizing the use of fuel and power as a priority objective in the performance of its economic function. Therefore the 10th Congress of Trade Unions appealed to all workers for utmost economy in the use of all types of fuel, energy and metals, and for obtaining more value added from the raw materials and supplies. At the same time it urged all blue-collar workers, technicians, scientists, researchers and innovators to greater activity in overfulfilling by 0.5 percent the conservation norms set by the state target programs, which would represent additional annual savings of more than 560,000 tons of standard fuel equivalent in comparison with the state program.

The supply of society's demand from domestic primary sources also depends on seeking attainable savings through fuel and power conservation. The fact that the costs of mining a ton of standard fuel are several times higher than the costs of saving the same amount of fuel lends special economic emphasis to the importance of conservation.

Within the electrotechnical industry as a whole, 55 percent of the annual breakdown was fulfilled during the first six months of this year. On 4 and 5 December, in honor of the 65th anniversary of the Great October Revolution, the collective of the East Bohemia Power Plants Concern Enterprise generated electricity and heat from the achieved planned savings. The organization of kraj competitions "For Saving Fuel and Power" offers great possibilities, and its effectiveness has been proven over a number of years in North Bohemia Kraj, where over 90 percent of the organizations are participating. The kraj national committees and kraj councils of trade unions should apply this experience more flexibly in the other krajs.

We are critical of the fact that although over 1.0 million tons of standard fuel equivalent was saved during the first half of this year in the entire national economy, primarily through partial conservation programs, the savings from central programs amount to only 10 percent of the planned savings.

The ministries must elaborate fuel and power conservation into their departmental topical plans for innovators and inventors and must ensure that these topical tasks will be solved, because at present the topical tasks cover only 6 to 10 percent of conservation's essential needs. Regardless of how valuable are

today the savings from so-called restricting and regulating measures, conservation solutions that apply the available progress in science and technology are gaining in importance. These measures jointly account for one-half of the total savings expected. Further efforts to save are unsuccessful due to a shortage of measuring and control equipment, especially within district heating that accounts for one-fourth of the total consumption of energy sources. But at the same time it is appalling that although the present production capacity for temperature gages is 300,000 a year, there are orders for only 80,000; this situation is influenced by the fact that the district housing administrations often are short of funds.

There are great reserves also in terms of boiler capacity. Of the 10,000 boilers installed in our country, one-third are over 30 years old, which affects fuel consumption unfavorably. However, the progress of innovation at the manufacturers of boilers is becoming slower and slower in comparison with the requirements. With the more active support of the metalworking industry's trade union, the ministry should help to accelerate the solution of such innovation.

The CPCZ Central Committee Presidium, the government, and the Central Council of Trade Unions have decided to hold during the next two months social audits of the management of fuel, power and motor fuel. These audits will contribute significantly to the uncovering of reserves. Under the leadership of the party, the top economic managers at every level will be responsible for holding these audits. Therefore the trade-union organs' role will consist primarily of organizing the various forms under which collectives, inventors, innovators, members of the brigades of social labor and comprehensive efficiency brigades, and workers in initial processing, research and development will participate in the audits at every workplace.

The trade-union plant and enterprise committees, jointly with the economic management, will organize special production conferences in December 1982 and January 1983. These production conferences will be devoted exclusively to proposals and feasible solutions for conserving as much fuel and power as possible. It is desirable that the conclusions and results of these production conferences be reflected directly in the socialist pledges to fulfill and exceed the 1983 plan, in specific savings and conservation programs, in the tightening of the consumption norms, and in the realization of the proven innovation proposals and inventions. The standpoint of the Secretariat of the Central Council of Trade Unions is that individuals and collectives must be offered bigger and more flexible economic incentives for fuel and power conservation.

In accordance with the conclusions of the seventh session of the CPCZ Central Committee, attention is being focused especially on the construction of nuclear power plants, besides the system of continuously reducing the energy intensity. The Central Council of Trade Unions appreciates the active approach of the blue-collar workers and technicians at the nuclear power plant in Jaslovské Bohunice. This plant contributed to the fulfillment and overfulfillment of this year's plan for the output of electricity. The Central Council also thanks the suppliers and installation organizations who did their best to complete the planned repairs well and ahead of schedule.

At the construction site of the Dukovany power plant, however, the situation is serious. The causes are objective, but predominantly subjective ones. They

include shortcomings in planning, management and control, and in the approach of some of the contractors and subcontractors. The unsatisfactory state of accommodations and meals for the workers demands urgent solution by the appropriate state and economic organs.

In accordance with the recent deliberations of the secretariats of the Central Council of Trade Unions, Czech Council of Trade Unions and Slovak Council of Trade Unions, we expect the active support of the trade-union organs in making joint socialist pledges at the nuclear power plants. Especially the trade unions in the metalworking, construction, mining, power and other industries will contribute to concluding agreements on such pledges.

It will be appropriate to acknowledge the dedicated work of the trade-union site councils at these construction sites, and the activity of the many trade-union officials from supplier organizations working there. It is essential that they help even more effectively to introduce multishift operation, a ten-day work cycle, and joint installation work.

In the unified action of the federal government and Central Council of Trade Unions to ensure the preparations for 1983, we have accepted the joint task of monitoring the construction of the nuclear power plants. Through the trade unions, we will launch a competition for the fulfillment and overfulfillment of the plans for construction, technological and installation work. To stimulate and reward this competition, we propose the establishment of a new Red Banner of the Government and Central Council of Trade Unions for Results in Building Nuclear Power Plants.

Our trade unions have pledged their active support for the construction of the third stage of the Siberia-West Europe gas pipeline as, among other things, a response to Reagan's recent embargo that has already failed. The supplier organizations are preparing to make a joint pledge to ensure the construction of this pipeline, and the conditions are being created for a joint socialist competition, the best results in which will be rewarded with a newly introduced Red Banner of the Government and Central Council of Trade Unions.

We expect the Czech and the Slovak Councils of Trade Unions, in cooperation with the trade unions, to systematically monitor the project management and control procedures at these priority construction projects, to promote the making of joint pledges, and to control their fulfillment.

In the areas of construction, it will be the duty of the kraj and okres councils of trade unions, in cooperation with the kraj and okres national committees, to concentrate their attention on providing transportation for the workers to and from the construction sites, on ensuring suitable accommodations, meals and health care for them, on solving the problems in the area of caring for the workers and on providing better cultural amenities for them.

Creative Technical Activity for Plan Fulfillment

The resolution adopted by the seventh session of the CPCZ Central Committee emphasized that faster solution of the tasks of technical development, and faster application of their results in production were necessary to ensure the factors of intensification within the economy. A new feature of the requirements is

that the trade-union organs, particularly the ones at planning, design, research and development institutes, contribute even more toward the solution and fulfillment of the comprehensive socialist rationalization programs, toward the planned development and introduction of inventions, innovation proposals and topical tasks.

This should lead to ensuring the qualitative indicators of production, to a better assortment, and to an increased proportion of innovated products of a high technical level. The trade-union organs cannot be indifferent to the fact that the time from the setting of the objectives in the state plan of technical development to their solution is intolerably long. The volume of production from the solved topical tasks of scientific and technological development does not meet the growing requirements of the economy. What Comrade Yuriy Andropov, general secretary of the CPSU Central Committee, said in this context at the latest session of the CPSU Central Committee fully applies also to us: "The methods of planning and the system of economic incentives must aid the link between science and production. Those who boldly start to introduce new technology must not be allowed to find themselves at a disadvantage."

The trend of a rising proportion of products with high technical and economic parameters within the total output of goods is improving. Their proportion was 6.35 percent in 1981, is expected to be 6.41 percent in 1982, and nearly 8 percent has been targeted for 1983.

However, the rise of the proportion of products with the highest technical and economic parameters, and of products of grade 1 quality, remains slow within the total output volume. Sometimes the purpose is merely to fulfill a higher obligatory breakdown of a task, or merely to achieve "price innovation." Likewise evident is the manufacturers' unpreparedness to apply the results of basic and applied research, to introduce modern subassemblies and parts, progressive technologies and new work methods. How great are the latent reserves in this area is evident from the application of the results of the revolution in science and technology in the field of welding technology at 62 enterprises within Czechoslovak industry; under the 6th Five-Year Plan the new results cut the production cost of these enterprises by 15 million korunas.

Under the 7th Five-Year Plan, mutual cooperation among the Zdar Engineering Works, the Research Institute of Forming Technology in Brno, and the Victorious February Works in Hradec Kralove, the first producer of formed pieces, will save 30.6 million korunas' worth of materials, 20.9 million korunas in energy costs, and 1.5 million korunas in production workers. The appropriate ministers should rely more on the favorable examples and should be more decisive in overcoming the obstacles to the faster introduction of new technological processes. The trade unions' obligation is to concern themselves more closely with boosting the initiative of the collectives at the research, development and design units and at the production plants, for fulfilling the cooperation agreements and programs of scientific and technical cooperation within the framework of socialist economic integration, especially with the Soviet Union.

More significant involvement of the trade unions is expected in organizing comprehensive efficiency brigades. In 1980, there were 27,982 rationalization solutions by such brigades. This shows the viability of the movement that purposefully joins the forces of blue-collar workers and of scientific and technical workers and promotes their comradely cooperation.

Under Engineer Benecky, a collective of the Research Institute of Mechanization and Automation in Nove Mesto nad Vahom, in a joint comprehensive efficiency brigade with VUKOV [Metallurgical Research Institute] in Presov, VSZ [East Slovakia Iron Works] in Kosice and four other organizations, successfully solved the production of terne plate and strip by a new method that, after full introduction, will affect the production of 2.5 billion korunas' worth of plate. The brigade's result has been licensed to the German Democratic Republic, yielding 10 million korunas.

The experience of a number of research institutes and plants in Prague shows that the transfer from research to production of solved scientific and technical objectives is much more effective on the basis of comprehensive efficiency brigades and joint socialist pledges than when such transfers proceed randomly.

In spite of the considerable importance of the comprehensive efficiency brigades, we are forced to frankly criticize the economic organs and the trade unions because the present state of the movement falls short of the economy's needs and of the capabilities of the scientific-research base, the preproduction units and the production ministries.

At the 10th Congress of Trade Unions, Comrade Karel Hoffmann emphasized: "The comprehensive efficiency brigades play an important role in linking science with production. We value their work and will support and appreciate them even more."

From this point of view we regard as unacceptable the movement's stagnation during the past two years. During the first half of this year, the number of comprehensive efficiency brigades dropped by 4.8 percent in comparison with 1981; and their membership, by 7.9 percent. It is serious that the number of comprehensive efficiency brigades has declined in the construction, building materials, chemical, glass, paper and printing industries, and in certain other branches such as education and science. There is a partial increase in their number only in the metalworking industry, agriculture and domestic trade, which does not mean that the number of brigades, and especially the results attained by them, meet the capabilities and needs of scientific and technological development.

The causes of this decline include inadequate attention from the economic and trade-union organs, little systematic work with the members of the brigades, inadequate planning of the rationalization tasks, and irregular evaluation of the collectives' work. The Central Council of Trade Unions deems it necessary to review, jointly with the Federal Ministry of Technological and Investment Development and the Federal Ministry of Finance, the questions of economic incentives, so that also the premiums may be determined, commensurately with the desired effect, when the tasks are assigned, and to prevent delays in the payment of the premiums. We are also obliged to give the members of the comprehensive efficiency brigades more moral recognition and awards.

The conclusions of the 10th Congress of Trade Unions and the tasks of the 7th Five-Year Plan pose for the entire Revolutionary Trade-Union Movement the fundamental question of finding entirely new stimuli for a radical change in supporting the inventor and innovator movement.

In 1981, there were 6,483 new technical solutions, on the level of inventions, to the planned tasks in research, development, planning, design and production,

6 percent more than the year before; and 321,026 innovation proposals were submitted, an increase of 5 percent over the preceding year.

The development during the first half of this year confirms that overall the year-on-year trend in the development and utilization of inventions, innovations and industrial designs is being maintained. Their total contribution to society in 1981 was 8.884 billion korunas. This is a promising start for the fulfillment of the bold objective, a total contribution of 45 billion korunas under the 7th Five-Year Plan, set for this movement by the government and the Central Council of Trade Unions.

However, there still are many negative phenomena that embitter our innovators and inventors, frustrate the results of the work of their brains and hands, and hamper the soaring of their creative ideas and solutions. Many organizations do not investigate the economic usefulness of the inventions and innovation proposals; the premiums specified by law are unjustifiably reduced; cases are not rare where the premiums are paid only after arbitration proceedings before the trade-union organization or even when the lawsuit ends. Although the law states that a decision must be made within two months from the filing of an application, the average time for a decision is 4.1 months within the Federal Ministry of the Electrotechnical Industry, 4.1 months in the CSR Ministry of Health, 3.3 Months in the Federal Ministry of General Engineering, and as long as 8 months in the SSR Ministry of Education.

We may justifiably ask why are some trade-union organs tolerating this passively and why are they not investigating, with the help of the commissions for the invention and innovation movement and for scientific and technological development, the causes of this decline, and why are they not taking effective remedial action.

The forces of the trade-union organs and organizations, and of the trade unions in particular, must be directed toward overcoming the still considerable conservatism, the barrier of inertia. More courage is needed to oppose the economic managers' lack of interest and to fight offensively against mediocrity, by singling out the personal examples, involving the wide aktiv of creative workers, and by activizing the many who are still indifferent.

Our goal is to make the scientific and technological development incorporated in the enterprise plans an inseparable part of ensuring the 1983 plan's tasks, and to subordinate to these objectives also the further development of the invention and innovation movement.

In conjunction with ensuring the 1983 plan, the essential tasks of the trade unions and organizations of the Revolutionary Trade-Union Movement are as follows:

--To organize on a wider scale, jointly with the economic management, the establishment of comprehensive efficiency brigades, or possibly joint comprehensive efficiency brigades, from among the workers of the scientific-research base, engineering schools, planning and design institutes, plants and enterprises; to employ more effectively economic incentives for the comprehensive efficiency brigades, and to ensure these incentives in the collective contracts;

--To help implement the program for the planned development and realization of inventions and innovation proposals, for ensuring the tasks of the revolution in science and technology, and of production under the 7th Five-Year Plan;

--To employ and spread the proven forms of exchanging experience with the invention and innovation movement, to generate economic propaganda, and to organize "Days of New Technology";

--To support the spreading and upgrading of consulting and legal assistance for inventors and innovators, especially at large plants and enterprises.

Pay Based More Clearly on Merit

The more demanding conditions of economic development require a more responsible approach to wage policy. If economic incentives are to support fulfillment of all qualitative indicators and tasks of the plan, then every working collective and individual must be paid only for the results, quality and social usefulness of the work that they directly influence and are responsible for. The realistic nature and fairness of this principle are evident at the organizations where the quality of intraenterprise management has improved, the role of internal profit and loss accounting has been strengthened, and the trade-union plant committee's participation in wage practice has become more active. For example, at the Ceskomoravská Kolben Danek National Enterprise in Kutná Hora, Motorlet in Prague, Czechoslovak Army Strip Mine in Karvina, Aritma in Vokovice, OSP [Okres Construction Enterprise] in Příbram, Railroad Construction in Prague, Elitex in Nitra, Brandys Engineering and Foundry Works and elsewhere.

An increasing role is being played by certain trade-union committees that, in accordance with the Set of Measures and pursuant to the 7 January 1981 resolution of the Council of Trade Unions Presidium, have wide authority in matters of labor and wages. Proof of this is the approach of the trade-union committee at the Ferrous Metallurgy Economic Production Unit. It helped to establish the forms of economic incentives that specifically reflect the workers' merits. The point in question concerns the conditions that must be met for awarding annual bonuses to technical-economic managers, premiums and performance bonuses to blue-collar workers, special bonuses, other premiums and personal appreciation for economization proposals and the results of socialist competition within the economic production unit. Savings in 1981 totaled 10,576 terajoules, equivalent to 116 percent of the annual planned savings. This was reflected also in the higher bonuses paid to blue-collar workers, foremen and technologists; these bonuses amounted to 17-20 percent of the total bonuses and premiums paid.

It is the duty of the trade unions, especially in the productive branches, to look closely and frankly into wage practice.

If we are justifiably pursuing our interest in obtaining wage resources for greater wage differentiation, then we should also enforce more clearly savings of manpower under conditions when the obligatory regulator of the relationship between wages and the limit on manpower has been abandoned, the more so because the rise of nominal wages in 1983 represents the smallest year-on-year increase so far.

A number of shortcomings still persist in remuneration, and we have not been successful in attaining more pronounced differentiation. Even though premium systems

linked to qualitative indicators have been introduced, equalization usually prevails in the distribution of the bonuses and premiums; foremen and managers generally lack the courage to attack slipshod work of poor quality at its roots, disregard differences in performance and workmanship, and reconcile themselves to equalization to maintain peace. A clear indication of the plants' preference for even undeserved bonuses and earnings is the fact that even the occasional conflicts are avoided, which has a negative impact specifically on those who work well and responsibly. The proportion of wage disputes submitted to arbitration is thus only 13 percent.

The trade-union plant and shop committees should support those managers, foremen, economists and norm-setters who are enforcing differentiation in remuneration. The point is that wages should not be merely "pay" for appearing at work. In those trade unions and local organizations that are unable to fight for proper remuneration against those who are satisfied with equalization, and with practically sponging on the work of others, the trade-union organs are not performing their mission of guardians of the socialist mode of remuneration. If internal profit and loss accounting is to be improved and expanded, it cannot be done without technically substantiated norms. Contrary to the Set of Measures, the quality of norm-setting is not achieving the desired objectives. Not to mention the fact that there are not enough norm-setters and their number is declining. This is reflected in the average of one norm-setter per 450 production workers. Cases are not unique where a plant does not have a norm-setter at all. For example, the Hodonin feedlot that employs 900 workers. The Victorious February Works in Hradec Kralove and the ZTS [Heavy Engineering Works] in Martin are proceeding properly in these matters.

The ministries as well as the trade-union organs and their wage commissions still have much to do in providing a more active input to solving the proper relationship between labor productivity and the wage level. Unfortunately, the gap between them is widening to the disadvantage of labor productivity. An evaluation of the first three quarters of 1982 shows that average wages in, for example, industrial production rose 3 percent as compared with the 2.3 percent planned, while labor productivity amounted to 100.9 percent (including production for inventory).

It is appropriate that a number of trade unions in the productive branches are preparing to test the brigade form of work organization and remuneration, in accordance with the resolution of the 10th Congress of Trade Unions. In the No 15 pipe mill of NHKG [New Metallurgical Works of Klement Gottwald] in Kuncice, this form is proving suitable and has the full support of the 250 blue-collar workers and foremen working there. It is necessary to ensure that the higher trade-union organs provide from the very beginning direct assistance to the organizations wishing to try this progressive form of work organization and remuneration.

The primary tasks of the trade-union organs include particularly the following:

--To enforce the principles of merit and differentiation in earnings, especially in dividing collective piecework, mixed and proportional wages, and collective premiums and performance bonuses, on the basis of skill, ability, actual work results, difficulty of the tasks, working conditions and the contribution to society;

--To evaluate the results to date in making the performance norms more objective, and to agree with management on the further course of action;

--To adopt, jointly with economic management, measures to increase the economic incentives for the fulfillment of planned export tasks and to economize on fuel, power, imported raw materials and metals.

1983 Collective Contracts an Instrument of Economic and Social Development

We assume that the clarification and determination of the economic tasks of the plants and enterprises before the end of the year will enable the trade-union plant committee and economic management to prepare the 1983 collective contracts in due time and with the appropriate quality of content.

That all workplaces prepare and negotiate collective contracts at the plant level still remains a timely requirement. Even though the number of collective contracts has increased from 8,916 in 1981 to 10,325 in 1982, all the possibilities are still not fully utilized. We also expect that the branch collective contracts, concluded with 80 economic production units through the end of the five-year plan, will be an effective economic, social and legal instrument for jointly influencing and solving the problems and needs of the workers within an entire branch.

It is being confirmed that these contracts play an irreplaceable role in the system of collective agreements. Proof of this is, for example, the branch collective contract of the Czech Power Plants Concern for the period 1983-1985. It lays down the bilateral obligations in conjunction with the fulfillment of the economic plan through the 7th Five-Year Plan's period, including the economic incentives for workers, the use of the fund of cultural and social services within the concern, care for the workers, working women and apprentices.

However, there are also certain negative phenomena that cannot be disregarded. The difficulties this year in conjunction with the timely conclusion of the collective contracts were indisputably caused also by a lack of the plans' clarification. We cannot allow the trend of tacitly tolerated shifting time limits to become a concomitant or even a permanent phenomenon. Possible additional problems and new tasks can be bridged in the form of an amendment to the collective contract.

Many top officials and trade-union officials are not yet sufficiently aware of the collective contracts' norm-setting role.

In some branches, and in the mining industry in particular, certain claims are regulated on the basis of the authorization contained in the collective contract; for example, one-half of the compensation paid to workers in the mining industry, for health reasons. Similar norm-setting regulations must be employed also within other ministries.

This requires that the higher trade-union organs and economic organs that register the collective contracts attach appropriate importance to registration, rid registration of its administrative nature, and specifically help to shape the content of the collective contracts, as they have been instructed to do by the government in its resolution of 18 November 1982, on the proposal of the Central Council of Trade Unions.

When we emphasize that the content of the collective contracts must be directed toward ensuring the formation of material resources, on the other side of the balance it is necessary to enforce the creation of optimal working conditions and to develop care for the workers.

Also important from this point of view is the careful preparations of the cultural and social services fund's budgets that are an integral part of the collective contracts. They will favorably reflect the higher basic and supplementary allotments that have been made possible by the joint decree of the Federal Ministry of Finance and the Central Council of Trade Unions. In comparison with 1980, the total number of funds for cultural and social services increased by 10.1 percent last year, and during the first six months of this year there was a further rise of 7.2 percent in comparison with the same period of 1981. The resources spent from these funds totaled nearly 6.548 billion korunas already last year.

The budgets will also reflect the fact that the personnel expenses of plant cafeterias, pursuant to a decree that the federal government issued on the proposal of the Central Council of Trade Unions, are gradually being paid from the budgets of the enterprises, which will free substantial resources--about 900 million korunas--for other cultural and social needs of the workers.

We place special emphasis on providing plant-cafeteria meals for workers on the second and third shifts. On the proposal of the Central Council of Trade Unions, the decree of the federal government permits the following subsidies per meal and worker, from the fund for cultural and social services: 2.50 korunas on the second shift, and 3.50 korunas on the third shift.

The obligations contained in the collective contracts reveal also the extensive organizing work of the trade-union organs in industrial health and safety, in the enterprises' social policy, in care for working women and apprentices, and in providing recreation for the enterprises' workers and for Pioneers. The scale of such recreational activity is evident from the fact that last year alone more than 2.5 million workers and their family members enjoyed vacations under this form of recreation; and this year there were 460,000 children in Pioneer camps, 23,000 more than last year.

When in this context we emphasize the principle formulated by the 10th Congress of Trade Unions, about creating an atmosphere in which it is unimaginable to ignore the working man's rights or to tolerate any violation of the labor laws or other norms that guarantee his justifiable interests, we also demand with equal emphasis an atmosphere that is implacable toward those who harm socialist relations and the socialist economy.

It is indisputable that the apprehension of violators of labor discipline is primarily the concern of economic management, and it has the exclusive right to impose disciplinary punishment. But trade-union members cannot remain indifferent to the fact that at our industrial enterprises a significant proportion of the available working time remains unutilized while there is constant pressure for more overtime, due to shortcomings in work organization and management, non-fulfillment of economic contracts, and a benevolent attitude to undisciplined workers.

Yet the statutory regulations, the Labor Code and work rules give top officials sufficient opportunity to apply sanctions against those who do not fulfill their basic obligations and only have demands and claims. We cannot accept the cheap argument that we must wait for the new Labor Code. The persons who lean toward this argument are the ones who do not know, or do not wish to know, the present Labor Code. We expect economic management to make full use of the Labor Code; and the trade-union organs to consistently apply all its broad rights, beginning with the public criticism of slipshod workers and absentees at the trade-union meetings, to proposals for disciplinary measures and even to the removal of those who do not measure up to their jobs, are negligent or misuse their position.

An essential condition for increasing the economic effectiveness of work is to closely link the economic plans, collective contracts, and the plans for cadre, personnel and social development, in all areas and sections of enterprise social policy.

The immediate tasks of the trade unions in intensifying their work in conjunction with collective contracts are as follows:

--To ensure the preparation and approval of the collective contracts at the enterprises and plants not later than by 15 February 1983;

--In cooperation with the higher economic organs, to ensure the registration of the collective contracts, in due time and effectively.

Cooperation of Trade-Union and Economic Organs a Prerequisite for Greater Efficiency

The demanding nature of the conclusions adopted by the seventh session of the CPCZ Central Committee confirms that one of the basic conditions for ensuring the 1983 national economic plan is purposeful cooperation of the trade-union organs, the state leadership and economic management. If the trade-union organs have their own standpoints, which express the accumulated production experience of the working class, and if they rely on their own authority and methods, this does not mean that their objectives are contradictory. To the contrary, they are in agreement with party policy. This permits constructive solutions, and more effective joint action in the interest of the workers.

The joint actions of the trade-union and the economic organs this year have proven fully suitable, demonstrating the advantages of trade-union influence in our political system, as an integral part of socialist democracy.

A series of measures stemming from negotiations between the federal government's presidium and the Secretariat of the Central Council of Trade Unions assumed the concrete form of generally binding regulations that provided solutions to the problems of the economy and to society's social questions: allowances for meals and severance pay were increased and unified; the testing was ordered of the brigade form of remuneration; permanent production conferences were established; revaluation was approved of the compensations for industrial injuries and occupational diseases, etc.

However, joint actions at the central, kraj and okres levels are not enough. Decisive for the further course and effectiveness of cooperation is to transfer

the point of main effort to the relations between economic management and the plant and enterprise trade-union committees, because that is where the main line of development lies. The resolution of the 10th Congress of Trade Unions ordered the more definite utilization of this method, in the interest of mobilizing society's forces and resources.

The forms of mutual cooperation between economic management and the appropriate trade-union organ have lately been increasing in number, but we cannot be satisfied with the present quality of their content. Many plant committees are going about the application of this practice very hesistantly.

Audits conducted by the Central Council of Trade Unions at selected trade-union local organizations showed that in the first half of this year joint meetings of the plant committees and management were held only at 59 percent of the local organizations, and only in the second half of the year did the proportion of such local organizations increase to 68 percent.

The main cause of this unsatisfactory situation is, among other things, that a significant proportion of the aktiv of trade-union officials regards the present practice as adequate.

At the same time, enterprise directors did not attend more than 10 percent of plant trade-union committee meetings, and a deputy director regularly attends only every tenth meeting. On the other hand, the chairmen of the plant trade-union committee attend the meetings of the economic management far more diligently. But this cannot be a substitute for the proceedings of the plant trade-union committee, not to mention the fact that questions of industrial safety and enterprise social policy are placed on the agenda of the management meetings only sporadically. In such cases the workers justifiably complain that the trade-union organization is not transmitting their suggestions and views. We are convinced that good economic managers can only welcome a purposefully prepared meeting, although they must reckon with the frank criticism and the standpoints of the workers as well, because the trade-union organization is not willing to conceal shortcomings or to excuse, in the spirit of fictitious agreement, the improper and local interests that conflict with the interests of society as a whole.

It is the responsibility of the trade unions, and of the kraj and okres trade union councils, to fully implement joint meetings of the plant trade-union committees and economic management on the basic problems of the 1983 plan.

The Central Council of Trade Unions requests the plant and enterprise trade-union committees to prepare and hold in the near future, preferably during the first quarter of 1983, joint meetings with the economic management.

Comrades, the challenging tasks facing our society in realizing the policy formulated by the 16th CPCZ Congress, as spelled out for next year by the 7th session of the CPCZ Central Committee, demand of the entire aktiv of trade-union officials that they intensify their efforts to achieve the set objectives.

We must bear constantly in mind that the creation of material values in the third year of the 7th Five-Year Plan is a basic prerequisite for fulfilling the social programs and for providing a more secure livelihood for the working class and

other working strata. The Presidium of the Central Council of Trade Unions expects that all trade union organs and especially the trade-union local organizations will, in accordance with the conclusions of the 10th Congress of Trade Unions, raise the level of their political and organizing work and ideological education, develop further socialist democracy and intensify their everyday work with the people. In the intentions of the trade unions' two closely interrelated tasks this requires that we, as the representative organization of all workers, systematically and thoroughly care for the needs of the workers and demand of economic management the creation of good working and living conditions.

If we sum up the main tasks, then the trade-union organs and organizations will concentrate their effort and their political and organizing work on the following:

1. Active participation in the elaboration of the 1983 plan in a breakdown by shops, operations, sections and work stations, for even fulfillment of the plan already from the beginning of the year.
2. Organization and stimulation of a wide socialist competition to commemorate the 35th anniversary of Victorious February, directed toward increasing the efficiency of production and the quality of all work.
3. Conservation of fuel, power, metals, feed and materials, overfulfilling by 0.5 percent the state target programs in accordance with the appeal of the 10th Congress of Trade Unions, with effective economic and moral incentives.
4. Timely approval of the collective contracts at the level of the enterprises and plants.
5. Analysis of the state of industrial health and safety, including preparation of a public audit of industrial safety.

Only such a comprehensive approach by the Revolutionary Trade-Union Movement will guarantee that 1983 will become an important step toward the successful realization of the economic and social program formulated by the 16th CPCZ Congress.

1014
CSO: 2400/102

TRANSPORTATION ASSISTANCE PROVIDED TO DEVELOPING COUNTRIES

East Berlin PRESSE-INFORMATIONEN in German No 148, 17 Dec 82 p 2

[Article by Heinz Gerber, deputy minister for transportation: "Close Transportation Ties With Liberated Nations of Africa, Asia and Latin America"]

[Text] In its mutually beneficial cooperation with the liberated states of Africa, Asia and Latin America, the GDR is concentrating its efforts in areas which play a decisive role in overcoming economic underdevelopment and in attaining and strengthening economic self sufficiency. Cooperation in the field of transportation is of special importance, for foreign-trade relations require a properly functioning transportation system, which in many of these countries is insufficiently developed.

Our transport system assumes responsibility primarily for the movement of export products, for transporting people of these countries to and from the GDR, and assists in the development of inland transportation by supplying and maintaining vehicles and facilities. Specialists from the GDR are now working in these countries, and we are training their citizens as technicians. In undertaking these tasks, we can provide a basis of socialist cooperation with our partners among the African, Asian and Latin American states.

Service Routes to 47 Young Nation States

The VEB Deutfracht/Seereederei (DSR) [German Freight/Maritime Shipping State Enterprises], with its 12 service routes, has wide-ranging responsibilities to meet in foreign-trade transportation. The ships of these lines--some outfitted to handle conventional piece and bulk goods, others to handle containers--sail to ports in West Africa, East Africa, the Mediterranean, the Red Sea, Algeria, Egypt, India, Southeast Asia, South America and the Persian Gulf. In all, harbors in 47 young nation states are served by them. Consortium services exist with the Compagnie Nationale Algerienne de Navigation (Algeria) and the Egyptian Navigation Compagny (Egypt). Moreover, in the interest of economy, several of these lines are joint services involving the fleets of several socialist countries, e.g., UNI-AFRIKA for West Africa, BALTAFRIKA for East Africa, UNILEVANTE for Mediterranean ports and BALTAMERIKA for South America.

A total of 17 government agreements for cooperation in the area of maritime shipping have been concluded. The operational and commercial interests of the VEB Deutfracht/Seefraderel are looked after by 13 DSR agencies located in the several countries. Together with the maritime fleets of other socialist countries and young nation states, the DSR is participating in eight so-called navigation conferences.

Thirty-Five Bilateral Air-Traffic Agreements

INTERFLUG presently has 11 airroutes connecting the GDR with a number of liberated nations in Africa, Asia and Latin America. The airlines of Algeria, Iraq, Syria and Mozambique have incorporated the Berlin-Schonfeld Airport into their own network of air routes. The number of passengers travelling between these countries and the GDR annually reaches the tens-of-thousands and has more than doubled on INTERFLUG since 1975; the same is true of freight transport.

The government of the GDR has so far concluded air-traffic agreements with the governments of 35 nation states to establish internationally recognized airline facilities and to organize cooperative effort among the contracting states in the area of air transportation. INTERFLUG maintains ten agencies in developing countries.

Diverse Scientific-Technical Cooperation

The GDR assists the nation states in a variety of ways in solving inland transportation problems. A number of these nations have imported transportation systems from our country. This especially applies to Angola, Ethiopia, Iraq, Mozambique and Syria.

GDR advisors and specialists in transportation assist, for instance, in organizing railway operations and road transportation and in reconstructing rail facilities. They support vocational training and driver education programs in Mozambique. In Angola specialists are maintaining the W-50 trucks, assisting in the development of harbor operations (primarily in Luanda) and organizing harbor-pilot training programs. Maintenance service for railway safety systems plays an important role in Iraq.

The GDR Institute of Transportation has conducted studies and investigations on important transportation projects and plans for a number of countries. Many young citizens of developing nations receive training in the GDR for professions in the field of transportation.

9992

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MINISTER DISCUSSES CHANGES IN HOUSING CONSTRUCTION MEASURES

Budapest NEPSZABADSAG in Hungarian 31 Dec 82 p 5

[Interview with Kalman Abraham, minister of construction and urban development, by Katalin Bossanyi; date and place not given]

[Text] One of the consequences of the permanent changes which have occurred in the growth rate of the economy is that there are fewer central sources for housing construction than in the past. At the same time, the state has taken numerous measures for helping private builders and for a more proportional distribution for the cost of acquiring a house. All this creates a new situation also for the building industry. What kind of reply will our building industry make to this challenge of the domestic market? Can the housing construction goals be fulfilled despite the more difficult conditions? Will there be an improvement in the morale of the builders and the owners? We discussed these questions with Kalman Abraham, minister of construction and urban development. Our editorial office was represented by Katalin Bossanyi.

Eighty Percent Private

[Question] First of all, let me ask whether we can fulfill the goal of constructing about 370,000 to 390,000 houses as envisaged for the Sixth Five-Year Plan period?

[Answer] According to my present knowledge, yes; but only if the ratio of private construction continues to grow. Even in earlier years, that is, when we were not yet under compulsion to reduce state housing construction, these ratios were increasing more than planned. In the First Fifteen-Year Plan for Housing Construction we counted on about 40 percent private construction, but the ratio turned out to be 66 percent. Thus there was demand with ability to pay for private construction, and many of those who wanted a house chose this form because they felt that in this way they could more rapidly acquire a house that met their requirements. But in the past 3 years, following an initial slump, the ratio of private construction increased. It exceeds 75 percent of the almost unchanged number of starts--77,000 a year--and on the basis of buildings already under construction it appears that the ratio will increase in the future to 78-80 percent. While we must do all we can to maintain the building desire, initiative and

entrepreneurial readiness of the population, we cannot ignore the fact that this structural modification represents a very hard lesson for the state construction and construction material industries.

[Question] Why? It would appear that in this way they have less work and therefore they should be able to build in a more balanced way, perhaps more rapidly, with better quality and more varied design.

[Answer] It is true that the excessive, decade-long haste has subsided and that this has a beneficial effect on the state of organization and the quality of construction. But the housing construction situation cannot be separated from that of the subbranch, especially since the strained housing and communal construction tasks in Budapest have not decreased. Experiences of recent years has shown that a restraint on the growth rate affects our area the most outside the industrial branches that are in recession. It is well known that investment construction is declining and that the ratio of reconstruction and renovation is increasing. At least in the period of transition, this indicates that means will not be used to capacity and there will be an increased demand for manpower, and moreover in territorially scattered dimensions, which in itself is a source of tensions. All this is crowned by the fact that the subbranch has adjusted to the altered requirements more slowly than desired. Finally, this year the enterprises have faced realities and acknowledged that if they want to stand on their feet they must show more initiative. We have stimulated the process with the further development of the incentive system, organizational modernization that promotes flexibility, and where justified with personnel-leadership changes. In response to all these things--as far as housing construction is concerned--the situation has improved everywhere except in Budapest.

An Enterprising Construction Industry

[Question] To what degree can the big construction industry enterprises become partners of the private builders? Can it be expected that real competition, beneficial to the interests of the population, will develop in the construction market?

[Answer] There is no other way open to us. It is true that the conditions for the competition--as compared to other construction industry organizations--are not the same. Up to now the enterprises that are specialized for large-scale housing construction have been able for the most part to undertake regulated-price jobs. Their profit was disproportionately small. And since the same profit incentive rules obtained for these enterprises as for the other economic units, they found themselves in a disadvantageous position, that is, competition for manpower became more keen among them and the smaller building industry organizations which perform mostly unregulated-price jobs. We made progress also in these matters. Since last year we have been gradually modernizing the price and cost calculation system of the construction industry; this will bring about a more favorable profitability for the enterprises also in housing and communal construction. Beginning next year, it will become possible to call for competitive negotiations also for housing construction financed from

central sources and to fix the price in the contracts on this basis. This requires a new type of cooperation between investor and designer; a great sense of responsibility and social control is necessary in order that only justified cost increases should appear in these contracts and that all participants should have an interest in seeing that construction is implemented within cost limits, on time, and good quality. It is pertinent to mention here that there are strong and weakly functioning enterprises within the same conditions system. This difference is even greater in the construction industry than in other subbranches, and this enjoins us to devote still greater attention to the "human factor" and to organization.

Today we also know of numerous good initiatives among large enterprises which are directed toward implementing much more decentralized and small housing projects that are made with modern technology and are privately owned. For example, DELEP is building a housing project at Ujszeged financed by the OTP [National Savings Bank] consisting of 1,000 units, in panel construction family and row house building clusters. Residents are now moving into the newly finished buildings. In a similar way, the No 43 AEV [Atate Construction Enterprise] is building 100 clusters with 100 houses each in the Second District of the capital city. BULAV has signed a contract with the 14th District for a small panel construction housing project. An interesting initiative is the establishment of a joint enterprise to help young people in the capital city obtain new houses, in which, in addition to the State Development Bank, two of our large construction organizations will participate. Also noteworthy is the AEV Hajdu megyi undertaking: in Debrecen it is implementing the construction of a housing project consisting of 450 row houses, town houses, and small cooperative houses from market research to ready-for occupancy sale. The development of the Alba Regia "Alba House" based on the Alba Clasp system is very attractive. It is very simple to assemble and this can be done even by the owner.

According to our experiences, the most suitable business form is primary or general contracting. With this it is possible to reduce contractual relations and simplify the execution of the investment; responsibility is simpler, and the planning-execution relation is more unified. In practice, however, the conditions for this have been developed only in part: the process is slowed down by the lack of subcontractor interest, capital shortage, and contradictions in the regulations. The manpower situation also hinders the broader development of competition; this is particularly true in Budapest. I am convinced that we must stimulate entrepreneurial readiness because competition can promote price stabilization in the construction market also by adjustment to demand.

[Question] Since it has come up, don't you think that cost of building is already high enough?

[Answer] Are our prices high? This depends on whether we consider it from the buyers's or the construction enterprise's point of view. If we look at it from the enterprise point of view, we run into many contradictions. It is a fact that the population holds the builder accountable for the various factored-in cost increases, although it can be shown that in the

past 5 to 6 years housing prices have risen on the average by only 4 percent, while the increase in the industrial products used has exceeded 6 percent. The difference had to be paid by the enterprises. Even greater tensions are caused by the fact that while the materials used in otherwise unregulated-price private construction--for example, bricks, tile, cement--is subsidized from the budget for price-moderation reasons, the limited price stimulates the construction enterprises to a distorted evaluation of live and embodied labor. This, too, is a waste, and moreover of the most expensive producer force, knowledge and experience. I am not saying that it is impossible or unnecessary to moderate cost increases to a greater extent by more organized and even work. Of the many existing examples I shall here mention only DELEP's invention that resulted in ferroconcrete savings in substructuring, or No 43 AEV's measures to improve internal organizations. The greatest reserves of the construction industry lie concealed in methods similar to these.

Otherwise the modified chances for acquiring a house, possibilities latent in private construction are expressed correctly--even in prices--in new orders linked to housing management and the help they give the citizenry in bearing a more proportional share of the burden.

Social Points of View

[Question] We find a new expression in housing decrees: the building of social tenements. What does this new concept include and to what extent does it mean a new task for your industry?

[Answer] It is primarily traditional state housing construction that belongs to this concept. However, I would interpret it in a more complex way, and exactly in the spirit of the new efforts at housing management I would also include in this category some private building. More precisely, in the future the opportunity will exist for us to build pension homes, bachelor apartments and houses for room renters through entrepreneurial type construction. The Veszprem megye AEV, for example, organized an affiliated enterprise for this purpose in Budapest. It will also help more suitable, more purposeful management of the existing stock of houses if in private housing construction, too, we broaden the availability of houses for those with more moderate incomes, mainly for those who are starting on their careers. This is assisted, for example, by the two-step OTP housing program under which a more modest, less expensive bachelor apartment can be exchanged later for a larger unit. The DELEP enterprise, for example, was among the first to start such a program, and in Szeged they will be able to offer in the future temporary homes to 300 young married couples.

In any event, I regard it as useful and in harmony with our management efforts that in the future most housing distribution will not be entrusted to the central distribution functions of the state; instead a greater role will be given to surveys of local demand, council initiative and organization, and bank credits. Even without regard to the limitations on development sources, it is no longer possible to determine for many years in the future who will live where and under what conditions. I say this despite the fact

that for us the new situation means greater and especially more differentiated requirements because, understandably, it was simpler to deal with one central client. Linked closely to this it is the purpose of the new orders to see that the basis of state support in the future will be the social situation of the families and the size of the family. That is, the subsidy or the low profitability should not appear at the building enterprise, because then we will be back again to the old, two-faced regulation. But if the loan or support is given to the family, this will understandably increase the ratio of private building. Our task here is dual. To anticipate the varying demands of the private builders, and--as the other side of this coin--by modernization of the realtor organizations, the creation and broadening of different organizational and entrepreneurial forms to create possibilities--partly by renovating the existing housing properties and partly by establishing a new house exchange base--that will help us promote mobility. (In Budapest, for example, we want to use half of the new state houses being built for the future to this end.) If the new methods of housing management make rapid progress and can be paired with more varied achievements than up to now by the entrepreneurial housing industry, the housing shortage can be rapidly eased despite the reduced central construction.

[Question] In these difficult times will the population have enough strength to undertake such a share of building costs? How will the conditions for private building develop?

[Answer] The implementation of a differentiated rise in various steps in itself means a more proportional distribution of the burden, and it will eliminate or reduce the former social injustices. On the other hand, to maintain the desire for private building, it is justified to transform credit practice and to expand possibilities. Depending on the size of the family, the upper building limits for loans will rise, it is expected, by 50 to 60 percent in the future, both for the building of family houses and for multi-story structures.

As for something which pertains to the area of our own house, we have advanced further in the provision of plans for private builders; and the number of plans offered is being expanded and enriched both in technical content and function. Construction material supplies, it is expected, will be improved this year and in the future; our capacities are not being used, and therefore it is in the vital interests of the enterprises to adapt more flexibly to the demands of the building owner. Despite this there are shortcomings, the solution of which is our joint task in conjunction with domestic trade. The conditions of building services are improving substantially. As examples, I shall mention machinery loan and the delivery of concrete to the house, and I also regard it as an important step--and in fact reducing the mounting costs--that direct factory servicing has become possible in the case of several construction materials. Programs for semifinished houses or so-called expandable houses have helped private building and easier starts. It is a good idea for the manufacturing enterprises to inform the population of the possibilities for development. The Alba Regia Enterprise excels particularly in this respect. We must speak separately of lot availabilities for this is now the most critical

point of private building. Here the new house management decrees are also improving the chances for realizing social points of view, and at the same time they also increase the decisionmaking independence of councils in these questions. It is important that the builder receive not only a piece of land --and at increasingly steep prices--but lots provided with public utilities. In Borsod, for example, a part of the budget for special purpose project housing construction has been devoted to the parcellation and improvement of areas suitable to private building, and in this way it was actually possible to build two or three houses for the price of one. We analyzed the situation of lot management together with the highest authorities and next year we will submit to the government proposals for modernization.

What Can Parceling Do?

[Question] On seeing building possibilities and demands, one must inevitably question the future of house factories. In scope and function can large-scale housing construction be renovated?

[Answer] One must not ignore criticism of prefabricated housing construction but with the constraint that it would have been impossible to implement the housing construction of the recent decades on any other basis. Undoubtedly, however, we reacted with delay to criticism regarding not the technology but the method of using it because of investor rigidity, tightfisted economic reasoning, and of course a builder's sense of ease. But now in response to the compulsion of the market we must face the fact that there is no longer a need for "traditional" prefabricated housing products. To put it more exactly, the population no longer demands planning, settlement and construction methods that are too advanced from the social point of view. Fortunately, nowadays no one disputes the fact that with fewer buildings on the average, it is possible to build economically in areas that are not densely built up. If in the future large enterprises want to gain for themselves private builders, they must build what the dear buyer wants. Despite the technological limitations, our house building factories are suited for much more varied construction than at present. Moreover, we must speak not of house building factories but of element factories, elements of which we may make facades or inner rooms according to our desires. For example, DELEP is already building student and worker hostels, and department stores out of panels.

In the change of functions within the house--which is reforming our entire planning and standardization system--we must put an end to a number of dogmas. For example, the dogma that because of mass meals there is no longer any need for large kitchens and pantries in the house, or the dogma that people no longer demand large common rooms. Thus we are not simply speaking of an increase in square meters or in the number of rooms, but also of the fact that we must distinguish better between daytime and evening-rest functions. Let us discontinue the inner hall-type solutions, and instead of these let the rooms designed for different purposes be arranged around a large area. It is important that we do not crowd more than four apartments on one staircase, and that the apartments be changeable according to changes in the manner of living. That is, let us create, for example the possibility

for several generations to live together. Plans are being prepared at a number of large enterprises for the change, with Lakoterv and the No 43 AEV in the lead: in the coming years such apartments will be built at Kaszasdulo, Kispest, and Kaposztasme gyere. It should be added that the functional change is not simply the affair of the builder. For us to be able to build what the population needs we need a housing allocation system different from the present, prior market surveys by the councils, and more flexible investment practice. Therefore, in the future we shall undo, and it would be good to undo it even more, the investment monopoly system of the councils and the OTP.

They Build for the Future

[Question] At the beginning of the year they reorganized the ministry. This also points to a change of outlook in management, among other things to the fact that in the future people will pay more attention to harmony between man and the environment he has built. If I am correct, the latter is also your personal endeavor.

[Answer] A minister, too, may have his hobbyhorse. Mine may be conceived of in this way: we should not only build a house but let us also step out of the door. That is, let us create the harmony of the residence environment, in the city let us bring the house closer to nature, let us make it possible to have sports, rest and culture. We had plans for these things before, but there were many obstacles to their realization. Now, however, partly because of the compulsory slowing down in the pace of development and partly because we are "producing for the market," the opportunity is opening for a change. I am convinced we will find good partners in the councils and critical, understanding judges in the population, because one given element of settlement development cannot be separated from another. Because this work can be performed well only on the basis of a more direct dialogue than has taken place up to now. Despite the problems that affect the subbranch, the transformation that can be realized only with sorrow and anguish, and the tensions involved in spreading the entrepreneurial outlook, I am still optimistic because I continue to be convinced we are not only building for the present.

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SURVEY OF ECONOMIC SITUATION ADMITS HARSH REALITIES

Budapest FIGYELO in Hungarian 23 Dec 82 pp 1, 3

[Article by Dr Akos Balassa of the National Planning Office: "A Realistic Basis for Progress"]

[Text] Our economy is developing under complicated conditions, and the tasks to be solved in economic work are difficult ones. This is the case today in the overwhelming majority of the countries in the world. For us, however, this is no consolation, nor does it make our situation any easier.

The principal causes of the economy's present difficult situation are well known: on the one hand, the external conditions have been worsening considerably and almost constantly for the Hungarian economy over nearly a decade; on the other hand, the measures introduced in recent years to counter the effects of this process produced significant results, but they were smaller than what would have been necessary and possible. Without a review of these factors, it would not be possible to understand the objectives and main characteristics of the 1983 economic plan.

External Conditions

The sharp worsening of the external economic conditions started at the time of the first oil-price shock on the world market. The point is not merely that a one-time worsening of the conditions began then and that we are forced to develop under them even now. Rather the first oil-price shock was the start of a longer period--perhaps of an era--that is still continuing and is characterized by very rapid changes in the external economic conditions; and from the Hungarian economy's point of view, the changes represent a gradual but essentially continuous worsening of the external economic conditions.

Likewise characteristic of this process is that its unfavorable effect on the Hungarian economy has been greater than expected. Those who are concerned with forecasting the development of the economic conditions and with planning the economic processes expected a worsening of the economic conditions in recent years, rather than their improvement or stability; at the time of planning, therefore, they were generally criticized for seeing things too darkly. But the actual processes proved that the alleged pessimists had really been optimists: the conditions became even worse than had been predicted.

At present, the development of the external economic conditions can be characterized as follows.

Ruble-denominated import from the CEMA countries declined last year and did not increase this year. Within this the import of sources of energy slackened in both years, and the import of basic materials is not increasing. In the coming years we can expect at most a slow rise of our ruble-denominated import. As a result of the second oil-price shock, the terms of trade are worsening considerably and to a larger extent than was expected. Since in mutual trade the principle of equilibrium must apply, in the coming years export will have to be expanded very dynamically, even if there is only a modest increase in import.

Contrary to expectations, the process of recession or the state of stagnation that developed in the capitalist world economy after the second oil-price shock has not changed so far to a slow recovery; for important export products of Hungarian industry the marketing possibilities have even become more difficult, and prices have declined. In the near future we cannot expect a recovery that will perceptibly improve the conditions for Hungarian export.

Especially the possibilities and conditions of credit relations have worsened. Due to the disorders that have arisen in the capitalist world economy and in its monetary system, to political factors, and to the debt-servicing problems of many countries in the world, including also socialist countries, last year and this year we have been able to borrow less than what the medium-range plan anticipated (despite the favorable effect of the steps to broaden the circle of creditors); the volume of deposits that we are holding has declined significantly; and interest rates are very high. This year, therefore, we had to achieve a much larger balance-of-trade surplus than had been planned originally. No significant improvement can be expected even next year in the conditions of credit relations.

Because the external economic conditions have worsened by even more than expected, the originally set objectives cannot be maintained unchanged; some of them have to be modified and adjusted to the altered conditions. This of course ties in not only with the external factors, but also with the development of the domestic economic processes, and with the success--or more accurately, with the inadequate success--of our responses to date.

Results and Problems

It will be remembered that in the years following the first oil-price shock the Hungarian economy did not succeed in achieving changes significant enough to offset the worsening of the external economic conditions. Therefore our foreign indebtedness rose sharply, and in 1977-1978 this process even accelerated. In the practical implementation of economic policy and in the management of the economy, therefore, a decision became necessary in 1978 to modify the path of economic development. The policy that has been in force since 1979, and has been reaffirmed in the 6th Five-Year Plan, calls for giving preference to the improvement of economic equilibrium within the system of economic-policy objectives; also the objectives concerning the rate of economic growth, structural changes and domestic spending have to be subordinated to this primary objective. The idea was to cut back domestic spending for a few years; within this to maintain the population's living standard at the level of the second half of 1979 or 1980; and in production--at a more moderate quantitative growth than previously--to place emphasis on the improvement of effectiveness (including the reduction of inputs, particularly of the costs of energy and materials), on the

acceleration of structural and qualitative changes, and thereby on the improvement of international competitiveness. In this way we wished to gradually eliminate the substantial deficit in our balance of trade denominated in convertible currency, to bring this trade into equilibrium and eventually to achieve a substantial surplus in it.

The results and problems in recent years have unambiguously confirmed the soundness of the course of our economic policy since 1979. This is true even if we have not been able to fully achieve all our economic objectives, and although --partially for this reason, and partially because of the mentioned worsening of the economic conditions--we are forced to maintain the necessarily unpleasant elements of economic policy longer than expected.

The efforts in 1979-1982 to improve external economic equilibrium have produced a very substantial result. The balance of the economy's total trade showed a net deficit of 60 billion forints or 11 percent of national income in 1978; in 1980 this was narrowed to 16 billion forints; but in 1982 our net surplus is around 10 billion forints, between 1 and 2 percent of national income, despite the fact that the worsening terms of trade are causing a loss of 13 to 15 billion forints in 1982 in comparison with 1978 (but for the worsening terms of trade, the surplus would be that much higher). To achieve this, import has been cut back significantly in recent years, and in 1982 it is about 10 percent below the 1978 level (within this import denominated in convertible currency is 20 percent lower); and at the same time export has increased by nearly 20 percent. We have achieved this improvement of the net balance of our external economic relations essentially within trade denominated in convertible currency. Here the 1978 deficit of over 1.0 billion dollars (f.o.b. border) is changing to a surplus of nearly 0.5 billion dollars in 1982 (substantially more than originally expected for this year). The fact that in 1982 we had to exert exceptional effort to maintain our solvency, in spite of the improvement of our external economic equilibrium, stemmed from the outlined development of the external economic conditions.

The main factor in the improvement of our external economic equilibrium has been the curtailment of domestic spending and its weight, regrettably, is greater than what was expected originally. Domestic spending declined in 1979 and 1980; but in 1981, contrary to our expectations, it did not slow down. Due to the substantially worse external economic conditions than expected, therefore, in 1982 we were again forced to make substantial cuts in domestic spending. Thus domestic spending this year will be about 10 percent lower than in 1978.

In accordance with the plans, we achieved the reduction of domestic spending by cuts in accumulation. Net accumulation declined every year since 1979, and in 1982 it is not even half of the outstandingly high 1978 level. (Gross accumulation dropped by 26 percent, and within this investment was 14 percent lower.) Consumption in 1982 is 7 percent higher than in 1978.

It is a significant achievement of economic-policy practice and economic management that the curtailment of domestic spending, and within it the unavoidable cuts in accumulation, have been implemented consistently and successfully. It is especially noteworthy that in 1981-1982 we were able to prevent--through harsh and sometimes painful measures that, if viewed in themselves, might be justifiably criticized--a recurrence of the cyclical upsurge of accumulation encountered in the past. The cuts in accumulation were made in a differentiated

manner: within productive investment there was an increase in the proportion of projects that serve to improve external economic equilibrium; and within nonproductive investment the proportion of projects rose that serve fundamental objectives of social policy. But it is likewise indisputable that cutbacks in accumulation on such a scale, even though unavoidable, are requiring ever-greater sacrifices and occasionally are already causing difficulties from the viewpoint of improving the technical level of production and competitiveness.

So far we have had less success than expected in achieving the important objective of our economic policy that a noticeable improvement of the effectiveness of production in a wider sense and of competitiveness, at a much slower rate of economic growth than previously, must be attained by accelerating the structural and qualitative changes. It can be termed positive that the consumption of materials in production has developed more favorably than in the past, that the specific consumption of energy has dropped considerably, and that the import demand has declined. The export of farm products has increased substantially in recent years. But at the same time the export of industrial goods, after its rapid rise in 1979, has essentially been stagnating since 1980.

The rubel-denominated export of industrial goods has increased slightly, and this is linked primarily to the development of import. However, export to the developed capitalist countries and the developing countries has slowed down slightly. This is due in part to the considerable worsening of the marketing possibilities (as a result of which the exports of several industries unavoidably declined); and in part to the fact that a relatively significant proportion of the industrial enterprises have not been able to improve the technical level of their production, their production structure, competitiveness and commercial relations to an extent that would have permitted an expansion of export even amidst the worsening conditions. Not even the various measures introduced to provide export incentives have been able to alter this fact. Because of this mutually interrelated development of the export and import of industrial products, industrial output increased by less than expected, at an average annual rate of 1.2 to 1.3 percent in the period 1979-1982.

That our overall rate of industrial growth also is substantially lower than the rate expected at the time when it was decided to modify the course of economic policy, respectively at the time when the 6th Five-Year Plan was drafted, can be attributed basically to the mentioned factors. National income this year will be about 4 percent higher than in 1978, which gives an average annual growth rate of 1.0 percent in the period 1979-1982; within this the same annual growth rate can be expected also for this year. If we take into account the losses resulting from the worsening terms of trade, then the real value of national income's rise is even smaller, respectively there is no rise in national income this year.

The fact that the formation of resources created in production lagged significantly behind their planned formation was the other factor, besides the worsening of the external economic conditions, in that in 1982 domestic spending had to be reduced below the level originally contemplated, and the need to do so will unavoidably arise also in the coming years.

Because of the external situation and the unsatisfactory expansion of export, in 1982 it became necessary to aid the improvement of the balance of trade

also with exceptional import-restricting measures. Although these restrictions sporadically caused temporary minor disruptions in the supply of materials and goods, domestic economic equilibrium has basically been maintained.

In response to all this, an outstanding result of economic activity has been the improvement of external economic equilibrium in 1982 under the given conditions, and hence our ability to remain solvent. But it should be noted that this result would hardly have been feasible if economic policy and economic management had acted in accordance with the suggestion of those who, in the hope of more favorable external economic conditions and better economic performance, opposed cutbacks in domestic spending over several years and this year's restrictions on import, and therefore urged an "acceleration" of economic growth. It has been proven once again, as many times before, that the setting of objectives and their practical realization can be successful only if based strictly on reality, regardless of how difficult and sometimes even unpopular this may be; at the same time, however, consideration of realities cannot mean passivity; to the contrary, it requires positive action that adjusts continuously and rapidly to the changes, and it may or must include also a modification of the objectives and modes of solution when this is warranted.

Next Year's Plan

Also in 1983, the external economic conditions will be substantially less favorable than expected earlier, and in several respects they will even worsen further. Under these conditions the surplus of trade denominated in convertible currency will have to be increased significantly despite the foreseeable worsening of our terms of trade, to a level substantially higher than envisaged earlier, in the interest of maintaining our solvency. And in rubel-denominated foreign trade, again under worsening terms of trade, it will be necessary to narrow significantly this year's deficit.

The unfavorable external economic conditions, respectively their consequences for the development of external economic relations, will have a twofold effect: On the one hand, substantial resources will have to be allocated for external economic objectives. On the other, the rate of economic growth will remain very moderate, much lower than expected originally.

The external economic objectives--in other words, the offsetting of the worsening terms of trade, and the need to further increase the economy's export surplus--will jointly absorb 3 to 4 percent of next year's national income. This is far more than the amount by which we are able to increase national income.

For in the given situation and under the given requirements, considering also the expansion export that can realistically be expected, import cannot be increased above the strongly reduced 1982 level. At the consumption of energy and materials made possible in this manner, the specific costs must be reduced significantly, whereby it will be possible to achieve an increase of 1 to 1.5 percent in gross output. And national income will grow at a slower rate, by 0.5 to 1 percent, mostly because of the increase of depreciation. Although the planned rate of economic growth is low, it will not and cannot mean under any circumstances an absence of change. To the contrary, the planned rate of economic growth can be achieved only through very vigorous structural and qualitative changes (a substantial increase in export's share of the output, and further reductions of the specific costs and of the import intensity). Faster

economic growth than planned can be achieved and will be desirable only if it is based on a stronger-than-expected expansion of export, respectively of economical import substitution, and on an even more favorable development of specific costs.

In view of the mentioned requirement of resources for external economic objectives and at the rate of economic growth that realistically can be expected, also in 1983--contrary to earlier expectations--a further and relatively substantial (over 3 percent) cut in domestic spending will be unavoidable. Considering the social-policy objectives to maintain the standard of living, the cuts will again occur primarily in the area of accumulation. But since the proportion of accumulation within domestic spending dropped below 15 percent already in 1982, cuts in consumption will likewise be unavoidable. This development of domestic spending will have to be enhanced also through suitable regulation of enterprise and personal incomes, in order to maintain a suitable balance of supply and demand.

Net accumulation will be reduced by nearly 20 percent; and gross investment, by about 10 percent. This will continue to be done in a differentiated manner: while investment will be cut in very many areas, it will be possible to allocate more resources for investment projects to expand export and substitute import, to develop energy production and conservation, to save materials, and to improve health care.

Personal consumption will be reduced by 0.5 to 1 percent. Since the population's propensity to save can be expected to decline, the reduction of personal consumption must be achieved through a larger reduction of per capita real personal income, by 1.5 to 2 percent. Within the framework of this reduction of per capita personal income the volume of social benefits--due to changes in the number of dependents and in their composition; to higher family allowances for families with one or two children; to raising the lowest pensions and welfare payments; and to an increase in the volume of benefits in kind, as a result of the institutional network's expansion--will rise by 1.5 to 2 percent. Thus average real wages will noticeably decline in comparison with their 1982 level.

It will be reasonable to attain the planned development of real incomes and real earning in a way that will avoid any further centrally decided price increases of basic necessities and price increases with a wide impact, over and above the decisions already made. Even so the consumer price level will rise by 7.5 percent in 1983, due to significant ripple effects of the centrally decided price increases and forint devaluations in 1982, to the price measures decided and announced for 1983, and to price movements on the market. Under the conditions of strict wage regulation, average nominal wages will increase by 3.5 to 3.8 percent; the rate of increase in the total volume of wages paid will be slightly lower, because the total number of persons gainfully employed is expected to drop somewhat. However, it will still be necessary to withdraw income: the retirement contributions of persons with high earnings will increase. For this reason, and because of certain other minor factors, average net nominal earnings will increase by about 3 percent.

The plan regards as important tasks the continuous maintenance of a balance of purchasing power and supply of available goods and services, and the further improvement of living conditions.

To reduce public consumption, the expenditures of state administrative and other budgetary organs must be cut. Broad economy measures must be introduced at budget-financed institutions.

Efficient Production Most Important

The 1983 national economic plan attributes great importance to reducing domestic spending and to economization, and strict control of import is being retained, in its streamlined form. But these features alone do not determine the nature of the plan. To the contrary, the plan's basic efforts are directed toward providing the foundation for structural changes in production and for the expansion of export--as the principal objectives--and also for the acceleration of economical import substitution, a reduction of costs and, through all this, for increasing the efficiency of production in the widest sense.

This is reflected also in the fact that we wish to achieve a further improvement of external economic equilibrium primarily through an expansion of export: export must be increased by about 7 percent while total import remains at the preceding year's level (within this the import denominated in convertible currency will even decline slightly). The expansion of import-substituting production must aid to a greater extent the planned development of import. To this end it is necessary to accelerate technical development and to increase the proportion of competitive products primarily in manufacturing. Foreign-trade activity and relations between foreign-trade and production enterprises must be developed further.

Additional measures are being introduced to reduce specific energy consumption and to improve the consumption structure of energy. As a result of these measures, the economy's energy consumption will not increase, or it will increase only slightly. The realization will unfold of programs for the economization of materials and for the utilization of scrap and reprocessed materials.

More decisive measures are necessary to improve the economic activity of enterprises whose efficiency is low, respectively of the ones that are consistently unprofitable or are coping with shortages of capital.

Besides the goal-oriented use of central resources and the economy-organizing work of the state organs, also the modification of some elements in the system of economic regulation will help to ensure that production plays a greater role in improving external economic equilibrium.

The enterprises that are more profitable, vigorously expand their export and reduce their work force will have above-average opportunities to increase wages and salaries. From the viewpoint of the development of enterprise incomes, the already introduced exchange-rate changes and the modifications of the price regulations favor the enterprises that export or economically substitute import. Bank credit will be available, and its conditions will be more favorable, for activities directed toward improving external economic equilibrium. Naturally, the modifications of the economic regulators also serve to strictly control the purchasing power of domestic users. Partially for this reason, but for other reasons as well (the strong interests associated with external equilibrium, social-policy considerations, etc.), the economic regulators' selective and differentiating effect based on efficiency will unquestionably be less intensive than would be desirable.

A prerequisite for the faster unfolding of changes in production that effectively improve external economic equilibrium is that the economic organizations support these efforts and be more active than up to now in their realization. This is what the modification of the economic regulators wishes to achieve. But it is also necessary that the enterprises' willingness and ability to respond, and the quality of their management improve more vigorously than heretofore. To this end there must be widespread recognition of the fact that the situation and developmental opportunities of the enterprises and cooperatives are closely linked to those of the economy; that a substantiated increase of their incomes is possible only if they simultaneously increase the entire country's income.

The systems measures for perfecting the organization and management of enterprises, and when necessary also specific measures applicable to individual enterprises, serve to provide suitable conditions for enterprise activity.

We may safely say that realization of the 1983 economic plan's objectives is an exceptionally important task that must be supported by continuous activity, and even by more significant measures during the year should possible changes in the conditions so require. The plan attaches special importance to shifting increasingly into the forefront of attention those elements of the efforts to further improve external economic equilibrium that simultaneously are the basis of permanently balanced and effective economic growth. Thereby next year's plan, respectively its fulfillment, is an indispensable element, even the basis, of future development.

It is unavoidable to maintain within strict limits in 1983 the freedom of movement for enterprise independence. But the efforts must be directed toward creating conditions for the expansion of this freedom of movement, and eventually --on the basis of suitable preparations--for the further perfection of the system of economic management that will permit independent, responsible and efficient enterprise activity to develop on a higher level. This of course is not an aim in itself, but a necessary and indispensable factor in laying the foundation for the economy's long-term, balanced and efficient growth.

Starting out from the economic policy of the 6th Five-Year Plan and taking the specific situation and conditions into consideration, the national economic planning organs are continuing to plan economic development through 1985. Then they will start work on the 7th Five-Year Plan, using for this purpose also the conclusions of long-range planning. From the work to date it is already unambiguously clear that fulfillment of the 1983 economic plan's principal objectives can provide the basis for the more favorable further development of the economy.

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